DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS FOR 1987

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

SECOND SESSION

SUBCOMMITTEE ON THE DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES

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PART 7

TESTIMONY OF MEMBERS OF CONGRESS AND OTHER INTERESTED INDIVIDUALS AND ORGANIZATIONS

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DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY AND RELATED AGENCIES APPROPRIATIONS FOR 1987

TUESDAY, APRIL 8, 1986.

TESTIMONY OF MEMBERS OF CONGRESS AND OTHER INTERESTED INDIVIDUALS AND ORGANIZATIONS

JAPAN-UNITED STATES FRIENDSHIP COMMISSION

WITNESS

HON. NORMAN Y. MINETA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. SMITH. Today's hearing is for outside witnesses.

We are glad to have as our first witness this morning the Hon. Norman Mineta.

Go ahead.

Mr. MINETA. Mr. Chairman, thank you for allowing me to testify on behalf of the Japan-United States Friendship Commission. I am here today to ask for a full restoration of the Commission's funding for fiscal year 1987.

In recent testimonies, the subcommittee has heard a great deal about the commission and its many important activities. Therefore, I would prefer to speak to the subcommittee's concerns which resulted in halving the Friendship Commission's authorized funding level for fiscal year 1986. Those concerns are the tense United States-Japan trade relations, and our frustrations in addressing the trade imbalance with Japan.

I share you worries about the trade imbalance as well as the strained relations it is causing between our country and Japan.

My own Congressional District encompasses part of Silicon Valley where the electronic industries are experiencing a severe downturn. Many of their problems can be attributed to Japanese trade practices.

I certainly understand, therefore, the frustrations of a persistent trade imbalance. But I strongly believe that utilizing the Friendship Commission, rather than cutting its funds, is a productive way to address these problems. Now more than ever we need to take advantage of the Commission's ability to play a constructive role in United States-Japan trade relations.

While the causes of the trade deficit are many, one unmistakable factor is the success of the Japanese in selling to our country. The Japanese have put an enormous amount of time, effort and money into understanding the American consumer and the American market.

In contrast, the American business establishment exerts a fraction of that effort to understand the Japanese consumer and Japanese commercial activities.

We must remember that it is harder for us to understand Japan than some of our other major trading partners. Japan has historically been self-sufficient and was, what we may call, "inwardly directed" in its development. Though it is considered part of the Western Economic Community, it is a culture that is profoundly different from Western societies.

To penetrate the Japanese market is to penetrate into its society. We must provide our businesspeople with the tools to do so and the Friendship Commission is one such important tool. The Commission can play a role in helping us to understand the Japanese as they understand us, and we must not cut its funds and hinder its efforts at this critical point.

For example, the Commission decided last April to focus on our current trade problems with Japan. This initiative directs funds for programs and projects on Japanese law, business, trade and economic policy, as well as the Japanese language, for those conducting business with Japan.

Our cultural and educational programs currently sustained by the Friendship Commission have also been unfairly criticized. Such programs are not frivolous nor are they irrelevant; rather, they contribute enormously to our understanding of the cultural mores and historical underpinnings of Japanese society.

For American business leaders to seek out commercial relationships without these tools of understanding and good will would be to consign them to failure. It is a mistake their Japanese counterparts do not make.

I am also concerned that the commission will suffer disproportionate cuts in its funding because of the budget crisis we are facing. I share with the members of the subcommittee their concern over the nation's fiscal crisis and the budget cuts imposed by Gramm-Rudman-Hollings.

However, as the subcommittee is aware, the Commission sustains itself on the interest earned from its original endowment. This interest can only be used for Commission activities.

To be realistic, we also know that cutting the Commission's funding would be insignificant in our battle to cut the Federal deficit.

I would like to close with a personal comment on the importance of the Commission. I am proud to be an American of Japanese ancestry and I am honored to serve as an elected representative in this great democracy.

However, I remember a time when our democratic process did not proceed as it should have and when actions did not live up to the words of the Constitution. My family and I were interned in a camp because of prejudice and fear bred by ignorance.

That was 1945 and today is 1986. Yet today I see and hear again the ugliness of prejudice, released by the frustration over the trade deficit we have with Japan.

Let us not return to an era of misdirected anger. Instead let us allow the commission to continue to broaden understanding on all levels between the United States and Japan. Japan is one of our closest allies and we share many common goals and strong bonds of friendship.

We have every reason to be adamant in trade negotiations and we must be tougher competitors in the world marketplace. But the Friendship Commission should not become a pawn in the economic arena; nor should the goals of international friendship and understanding be compromised by the demands of trade policy. In the end, no one's interests are served, especially those of both nations striving for an amelioration of present trade difficulties.

I ask, therefore, that the Japan-United States Friendship Commission be allowed to take full advantage of those funds that accrue in the trust fund annually.

Thank you very much.

Mr. SMITH. Thank you.

I would just make two comments. One is that under Gramm-Rudman all the attention is on the outlays regardless of the source of the funds. Outlays are what counts. That might not seem to be logical, but that's the way it is.

I didn't vote for it, so I don't have to defend it. But that is the way it is counted; even though the money comes from interest earned.

The other thing is that although there were some concerns about trade policies and so forth, I think I am safe in saying that the cut made last year was not because of that. The majority of the Committee just felt like there was not adequate justification. Nobody comes before the Committee and assumes that they are going to get everything they ask for without justifying it.

I think if you will read the testimony, it was an abysmal failure to present the case.

Mr. MINETA. Fine, Mr. Chairman. I have no quarrel with the ability or inability of the Chair of that Commission to make their case, but from what I can recall, maybe not testimony here at the committee, but I recall some discussion about trade and the frustration of the relations with Japan as reflecting part of what apparently became the decision here, and I just wanted to make sure that that point was made here.

Mr. SMITH. Thank you very much.

Mr. MINETA. Thank you very much, Mr. Chairman.

TUESDAY, APRIL 8, 1986.

ECONOMIC DEVELOPMENT ADMINISTRATION

WITNESS

HON. JAMES OBERSTAR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. SMITH. Hon. Jim Oberstar.

Mr. **Oberstar**. Thank you, Mr. Chairman.

I greatly appreciate the opportunity to come here once again on behalf of the Committee on Public Works and Transportation and its Subcommittee on Economic Development to plead our case for the next fiscal year funding.

Our colleague, Henry Nowak, chairman of the subcommittee, is out of town and could not be here today, asked me to testify in his behalf.

The prepared statement which has been submitted not only receives the full support of the Chairman but also of the Ranking Member of both the full and subcommittee on on Public Works and Transportation.

If I may simply summarize, Mr. Chairman, I want to thank you first of all for the intense personal interest that you have given to the programs of the Economic Development Administration and to the support that you have provided during these past five years in sustaining the budget going through the appropriation process what we have not been able to do through the legislative process.

Three times the House of Representatives has passed a new authorization for a different orientation of the EDA program and three times the Senate has failed to act on it. That legislation has passed by a three-to-one vote in each of the three times we have brought it to the House floor overwhelming bipartisan support for a program of sustained economic development, one that has proven itself in return on investment for the taxpayers of this country.

Over the past 20 years of EDA, the Federal Government has invested some four and a half—well, now it will be nearly $5 billion of Federal funds in development projects. That has leveraged $9 billion in non-Federal involvement creating a million and a half jobs. Each year those jobs return $6.5 billion in taxes to the Federal, state and local treasuries.

Each year the Federal Government gets back more than it invested in 20 years, in taxes alone, in the EDA program. That alone should justify the continued funding of this program at the current services level of $209 million.

When the Reagan Administration came in to office in January 1981, EDA's budget was roughly $690 million. In the course of the budget and reconciliation process that year, we reduced EDA funding to $250 million, a nearly two-thirds reduction in outlays.

If all of the Federal Government programs had been reduced two thirds, we wouldn't have the deficit that we have today. So if I could borrow a phrase from that old cliche, "We gave at the office," EDA has given more than its full measure of the effort to reduce the Federal deficit, squeezing it further, I think, as you said yourself just recently in a public statement, below rock bottom means there will be no viable program and no help to communities suffering severe economic distress.

EDA is the life raft for towns that have had chronic and severe unemployment, and it has meant the only ray of hope. To cut that further would be to deny people an opportunity for jobs.

We appeal to your continued interest and concern and understanding of this program, and to your skillful legislative leadership on the House floor and in conference to retain these vital programs.

I just came back, as one example, from a town in the northern part of my district, Babbit, Minnesota, 80 percent unemployment because of the layoffs in the steel industry which affect iron ore production. Fifteen hundred people gathered Friday morning to welcome an industry that is going to create 50 jobs. They have lost 900 in the last four years. But 1500 people turned out to praise a company, state and Federal Government agencies for cooperating and creating 50 jobs.

People want to work; they don't want welfare. EDA is work, not welfare.

[The statement of Mr. Oberstar follows:]

STATEMENT OF THE HONORABLE JAMES L. OBERSTAR SUBCOMMITTEE ON ECONOMIC DEVELOPMENT COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

BEFORE THE SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE AND JUDICIARY OF THE HOUSE APPROPRIATIONS COMMITTEE

TUESDAY, APRIL 8, 1986

Mr. Chairman, Members of the Committee, as a former Chairman of the Subcommittee on Economic Development it seems like old times for me to be here today to request your continued support for funding the programs administered by the Economic Development Administration. Henry Nowak, current Chairman of the Subcommittee, could not be here today, however, both he and Jim Howard, Chairman of our Full Committee, concur with my remarks.

Each year since taking office, the President has sought, through his budget proposals, to terminate the Economic Development Administration and the programs authorized by the Public Works and Economic Development Act. Each year, thanks in such large part to you and your Committee, Mr. Chairman, the Congress has had the wisdom to preserve these programs.

This year, again, he has requested rescission of unobligated FY 1986 funds of $109.2 million in pre-Gramm-Rudman-Hollings amounts, or $101.309 million after the Gramm-Rudman sequestration, and deferral of $40 million that would insure the availability of funds to close out the Agency without the need for new appropriations.

We are pleased that the Urgent Supplemental Appropriations bill calls for disapproval of the proposed $40 million deferral, for we continue to strongly and vehemently resist Administration efforts to do away with EDA and to rescind and defer any of these needed funds.

The Congress has consistently voted to retain these programs, despite the urgency of reducing the Federal budget deficit. Members of the House in the 97th, 98th and 99th Congresses, have demonstrated overwhelming bipartisan support for H.R. 10, the National Development Investment Act, which would improve and refocus the existing programs to address economic needs of the 1980's and beyond.

During the 20-plus years the economic development programs have been in existence, they have provided assistance to economically distressed areas of the Nation and have been a catalyst to create and retain jobs. By now, I think you are all familiar with our Committee's findings based on its 1981 and 1982 evaluation of these programs---the more-than-$9 billion of private sector dollars leveraged by $5 billion Federal investments, and the 1.4 million private sector jobs created and retained. Testimony received at Subcommittee hearings since then continues to reflect that EDA successes outweigh failures; that the seed money investments made are continuing to yield good returns to local areas and to States; and that the Nation as a whole has benefitted.

I never cease to be amazed at what seems to me to be the specious arguments of critics that these programs are financial burdens to the American taxpayers. The fact is, according to our evaluations, more money has been returned in taxes paid to local, State and Federal coffers as a result of EDA efforts than has been expended.

When we take a look at the funding history of EDA, it shows that the highest total regular appropriation was $512.5 million in FY 1980. That was, if you recall, President Carter's last year in office.

Since then, EDA programs have been cut back year after year in order to cope with the mounting deficit. Pre-Gramm-Rudman funding for FY 1986 of $183.5 million is considered to be the minimum necessary to continue the viability of the Agency and the adequate functioning of its programs.

The 4.3% sequestration, however, further reduces this bottom-line figure to $175.609 million, and that amounts to about a 66 percent cutback from the high of 1980. In other words, EDA is currently being funded at only about 34 percent of the 1980 amount.

If other Federal programs had been cut to the same extent as the EDA, I seriously doubt that we would now be worrying about the budget deficit.

If we do not override the President's deferral of $40 million, he will have effectively terminated these funds until Congress reappropriates them, and he will have effectively terminated the viability of the Agency as well.

EDA has taken all the cuts it can or should! Budget deficit or not, the need for targeted economic development programs is as great now as it ever was.

The national recovery of recent years has bypassed many distressed areas that, with help, have the potential capacity for economic growth. We have many farm communities currently facing the permanent loss of their existing economies with little hope for survival unless they get help to encourage new industry and entrepreneurial activity. We have many older, heavy industrial areas that have paid a high price in recent years with industries closing, moving or being reduced in size as a result of foreign competition and the devastating impact of imports. And we still have a National unemployment rate hovering at the 7 percent level with some areas and regions at considerably higher levels.

Increasingly in this Country, we are becoming aware that the world is interrelated and interdependent and that our competitors in the international markets are consistently gaining strength. As a Nation of regions, each with different resources, it is imperative that we realize our own regional interdependence and that each part has a cumulative effect on the overall National economy. We cannot afford to bypass areas with good potential. We cannot afford to waste any of our human, economic or natural resources.

It is important that we retain the EDA development role to coordinate and cooperate with the growing State, local and private sector development activities; to act as a catalyst and supporter of efforts at regional and subregional levels; and to help address the economic adjustment that must take place within our Nation in order to remain competitive in world markets

EDA is an agency with highly-skilled professionals with a real sense of mission and accomplishment. It is an efficient mechanism, dedicated solely to economic development. The consequences could be very serious if we do not have such a vehicle in place which would need only an infusion of additional funds to provide economic development assistance for some of our Nation's most urgent needs.

Mr. Chairman, you and your Committee have established yourselves in the forefront of EDA supporters in the House. Your concern about the distressed areas of the Nation and your efforts to retain these programs have been very much appreciated.

I urgently request that you continue your support and provide the funding necessary to keep the EDA going as a capable and functioning unit so that the Nation may continue to benefit from its valuable investment programs.

Mr. **Smith**. I thank you, and my observation has been over the years that new available jobs come in small numbers. They don't come in the thousands. They come in small numbers, and it takes a little effort by everybody including private enterprise and the local communities and the government. Everybody else has to contribute to develop these new jobs.

I remember what the President of the Bank of America said a few years ago. We had a hearing and he was telling us how he gave to small businesses a 2 percent break on interest rates when no other bank in the United States was doing that. Somebody said, "Well, why do you do it if others don't do it?" He said, "We found out that all of our big businesses were small businesses one time."

It does really make it tough on us when we can't get an authorization and for the life of me when these authorizations pass by such overwhelming percentages in the House, I don't quite understand why they can't get them through the Senate. It makes it very difficult on us.

But we are down now, I think as you indicated, to where if we don't maintain a program about the same as last year, we won't really have a viable organization for this purpose. I think we are at cross roads where we have to decide if we are going to have this kind of program or not. Don't you agree?

Mr. **Oberstar**. I fully agree with you, Mr. Chairman. I think the program level of $183 million in grants, loans and assistance to the Economic Development organization and $26 million in salaries and expenses, that is really the rock bottom. You could not have an effective program with less than that.

Mr. **Smith**. Okay. Thank you very much.

Mr. **Oberstar**. Thank you, Mr. Chairman.

Tuesday, April 8, 1986.

ECONOMIC DEVELOPMENT ADMINISTRATION

WITNESS

DAVID MARTIN, PRESIDENT, NATIONAL ASSOCIATION FOR DEVELOPMENT ORGANIZATIONS

Mr. **Smith**. David Martin.

Mr. **Martin**. Mr. Chairman, members of the subcommittee on Economic Development, I am David Martin, Executive Director of the Arrowhead Regional Development Commission (ARDC) with headquarters in Duluth, Minnesota. I am also President of the National Association of Development Organizations (NADO).

Mr. **Smith**. You have a number of statistics and so forth?

Mr. **Martin**. Yes, sir.

Mr. **Smith**. We will insert your whole statement in the record.

Mr. **Martin**. Yes, sir. I don't plan to read my entire prepared statement, but highlight some aspects of it for you.

The Arrowhead Regional Development Commission is an Economic Development District (EDD), and a Certified Development Company under the Section 503 program of the Small Business Administration.

I appreciate this opportunity to testify on behalf of NADO's members as your subcommittee considers fiscal year 1987 appropriations for the Economic Development Administration and Small Business Administration. We are grateful for the bipartisan support that the members of this subcommittee have given to EDA and SBA over the years.

Mr. Chairman, we particularly appreciate your efforts which have been responsible for continuing EDA's authorization and appropriations in the face of misdirected opposition from the administration.

NADO was founded in 1967 by a group of economic development districts to encourage the creation and retention of jobs in rural and small metropolitan areas. Today our members are multicounty planning and development organizations and other state and local agencies which help local governments and the private sector work together on business, community, economic and rural development programs.

EDA planning grants provide funds to 283 development districts in 49 states for activities which assist local governments to become more efficient and help local businesses to survive and expand. Although the amount per district is very small ($50,000 average), it provides the vital professional staff capability which gives small communities access to development expertise.

Loss of these funds would be very harmful to local efforts to improve their economic situation. Now, more than ever, the districts are essential for the economic well being of many rural local governments.

For example, my development district last year assisted with local development projects totaling $52 million. Those projects generated 690 jobs. We also conducted 404 technical assistance projects, of which 233 were with private businesses.

Mr. Chairman, the members of NADO share your concern about the rural economy.

The general economic recovery of the past several years has bypassed many rural areas. In northern Minnesota during the past four years, we have permanently lost 25,000 jobs, jobs averaging $25,000 per year salaries.

Employment in our eastern Minnesota industry has declined from 15,000 to 6,000 during this period. Twenty thousand people have left our area.

Experts say that there is a rural economic crisis in all but 20 to 25 percent of non-metropolitan counties.

We believe that the Federal Government has a responsibility, and in fact foster, economic development in rural and urban areas. Not all communities are equally endowed with economic resources and the effects of broad macroeconomic policies do not fall evenly across the land.

For small metropolitan and rural communities, EDA is the Federal development program that has been of the greatest value because of the types of assistance that it makes available for planning, technical assistance, public works and revolving loan funds.

The Federal funds which are provided by EDA, are investments returning tax revenues not expenditures. EDA dollars help rural areas create jobs and leverage private sector funds. The 1985 total appropriation was $225,000.

It is estimated that 61,173 jobs were created by these projects and that at least $1,561,772,000 of private funds were leveraged by the Public Works grants.

NADO members are supportive of Assistant Secretary Orson Swindle's intention to focus EDA's efforts in rural areas. We are pleased to see his interest and have met with him to offer our assistance in improving existing programs.

However, we are concerned that the regional offices and Economic Development Representatives be permitted to work with rural communities to develop projects in Growth Centers, even though they may not meet arbitrary national unemployment criteria that may be imposed by the national office.

As the members of this subcommittee know firsthand, unemployment is not the only measure of distress. In many rural areas, it is difficult to impossible to obtain accurate employment data. In some distressed areas, labor force participation has fallen, resulting in artificially low unemployment rates.

We urge that this subcommittee direct EDA to take other factors into account when determining the need for projects.

NADO's board of directors has also adopted a policy that opposes the prohibition in the 1986 appropriations law which prohibits the use of Title IX funds for recapitalization of Revolving Loan Funds. We recognize the need to target the RLF funds to distressed areas as originally provided in the law, and ask that this continue.

However, NADO opposes the absolute prohibition against the use of the funds for recapitalization in the current law, and we ask that this subcommittee revise the language in the 1987 Act to provide needed flexibility.

I personally support this even though my district has an application pending for its first Revolving Loan Fund.

One example of how districts serve as a development resource is our involvement in the SBA section 503 program. Approximately half of the Small Business Administration's section 503 certified development companies were established on a regional basis by development districts. By using the 503 program, many small businesses have been able to obtain guaranteed loans for fixed asset financing in combination with private funding. Without the institutional infrastructure established by EDA, certified development company financing would not be available in small metropolitan and rural areas.

In 1985 NADO and SBA worked together on a demonstration project in three rural areas to provide management assistance to small businesses. Regional agencies in Colorado, North Dakota and South Dakota were able to hire a management assistance circuit rider who provided direct help to small business people in small towns and rural areas, without charge. Nearly 1000 small businesses were helped through the training and counseling provided by the program. The total federal investment was $170,000 with $50,000 of local match. There are other districts providing such assistance with their own or Job Training Partnership Act funds.

The President's proposed budget would terminate the programs of the EDA, ARC, SBA, as well as the Department of Housing and

Urban Development's Urban Development Action Grant program and the Farmers Home Administration's nonfarm development programs, such as housing loans and water/sewer grants. Virtually the only remaining assistance would be the Community Development Block Grant program, which would be cut by 32 percent. Attached to this statement are charts listing funding for rural programs from 1980 through 1986 which show the enormous cuts in these programs, before Gramm-Rudman. As Congressman Oberstar pointed out, EDA has been reduced 65 percent during this period. The Administration's fiscal year 1987 budget represents an 80 percent cut in rural development funds from 1986 levels. It is clear that the Administration is attempting to abandon federal responsibility for the economic future of small towns in rural America.

The Administration wants to reduce development portion of its $994 million total to about $600 million, which represents an 80 percent cut in rural development funds from '86 to '87. This means that rural development would get about five hundredths of the federal budget, while defense would get 31.4 percent and foreign aid would get 4.3 percent. Federal programs supporting community and economic development in small cities and rural areas totaled over $3.1 billion in 1985 and 1986. Included are the portions of EDA, CDBG, UDAG, ARC, TVA, SBA, historic preservation, and outdoor recreation funds assumed to go into nonmetropolitan America, as well as the nonfarm development funds of the Farmers Home Administration. Not included are EPA wastewater construction grants, federal highway funds, FMHA housing loans, general revenue sharing, and other programs which might less directly assist small town and rural economic development.

Other proposed terminations include general revenue sharing, the Department of Health and Human Services community services block grant, HUD's section 312 rehabilitation loan and section 108 community development loan guarantee programs, the Department of the Interior's historic preservation grants, and outdoor recreation grants programs, the Department of Labor's trade adjustment assistance program, the Department of Transportation local rail service assistance and air service subsidy programs, and the Tennessee Valley Authority's economic and community resources program.

Massive cuts would be made in the Environmental Protection Agency's waste treatment grants program, which would be phased out by 1990. The program would be cut to $1.8 billion in 1987, $1.2 billion in '88, $600 million in '89, and zero in 1990. The rationale for this is that only small, rural communities would remain in need of assistance and they are of no consequence. Also, cut substantially but not phased out, would be federal aid highway funding. There no longer would be a secondary highways program, rather, there would be a ground transportation block grant program for both transit and highways, which could be bad news for rural areas in some states. Other programs suffering major cuts include HUD housing vouchers and cooperative extension service, which would be reduced by 57.3 percent.

The President's priorities clearly are on defense and foreign aid, not domestic programs. For example, the President's fund for foreign economic support would be increased by 33.1 percent, while that for foreign military assistance would be increased 27.4 percent. It is interesting to note that DOD family housing budget authority would be about $3.4 billion, up 21.4 percent, while FMHA rural housing is terminated.

It is clear that the Administration has abandoned any idea of responsibility for the economic future of small town and rural America. Indications are that this Administration believes that people choose to reside in rural America solely as a matter of life style choice, and that the Federal Government should not subsidize such choices. In other words, if people are going to live in small towns and rural areas, they must pay the price.

It is symbolic that the Office of Rural Development Policy has been abolished after being allowed to do little of consequence while it existed. With help from OMB, the Department of Agriculture obviously has become an inhospitable institutional forum for dealing with the survival of rural communities, despite the fact that it still possesses the position of Undersecretary for Small Community and Rural Development and the mandates of the Rural Development Policy Act.

The Administration tells us that programs like EDA and SBA must be eliminated because of the deficit. Since 1979, EDA has been reduced by two-thirds while foreign aid has doubled.

It is noteworthy that foreign aid would rise significantly in the Reagan budget. Economic aid to Israel would remain at $3 billion and that for Egypt would stay at $2.2 billion. Food aid is virtually the only part of foreign aid to be cut. It is obvious that military and economic aid to foreign countries would receive precedence over the development of U.S. communities.

Our NADO members were amazed that the President has requested $50 million of economic aid to Northern Ireland at the same time that local governments in distressed areas like the Iron Range of Minnesota are told that revenue sharing, EDA and UDAG must be eliminated. While isolationism would be unrealistic, so is a policy that ignores the needs of small communities.

President Reagan is also requesting numerous rescissions and deferrals of FY 86 funds for domestic programs. Among the programs slated for elimination by this method are the Appalachian Regional Commission, the Economic Development Administration, and Urban Development Action grants. We are delighted that this subcommittee has disapproved both the proposed rescission and deferrals.

Mr. Chairman, we ask that you and the members of the subcommittee continue to provide funding for the Economic Development Administration programs in 1987, because these funds are of vital importance to thousands of small and medium sized communities across the country who are working with the private sector to maintain and create new jobs. We also urge that you continue to provide funding for the Small Business Administration, particularly the 503 program, which has been instrumental in creating thousands of new jobs.

NADO supports enactment of H.R. 10 as a sensible way for the Federal Government to help localities, rural and urban, to help themselves. Our members understand the need for EDA and ARC and for reform of the existing programs to be more in tune with economic realities in the 1980s. NADO supports funding for the current EDA program at '86 levels until new authorizing legislation is signed into law.

Although we are not speaking formally for other groups, NADO is coordinating efforts of a coalition of organizations representing cities, countries, towns, mayors, and labor unions who support EDA.

Again, let me thank each of you for your support of EDA and SBA. I will be happy to answer questions.

Mr. SMITH. Thank you.

[The statement of Mr. Martin follows:]

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Testimony of:

David A. Martin

Executive Director

Arrowhead Regional Development Commission
Duluth,, Minnesota

On Behalf of The

NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS

Before the

Subcommittee on Commerce, Justice, and State

Committee on Appropriations

U.S. House of Representatives

On

Fiscal Year 1987 Appropriations

April 8, 1986

Washington, D.C.

STATEMENT BY DAVID A. MARTIN, PRESIDENT, ON BEHALF OF THE NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS, BEFORE THE SUBCOMMITTEE ON COMMERCE, JUSTICE, AND STATE, THE JUDICIARY AND RELATED AGENCIES OF THE COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES, APRIL 8, 1986.

Mr. Chairman, members of the Subcommittee on Economic Development, I am David Martin, Executive Director of the Arrowhead Regional Development Commission (ARDC) with headquarters in Duluth, Minnesota. I am also President of the National Association of Development Organizations (NADO). The Arrowhead Regional Development Commission is an Economic Development District (EDD), and a Certified Development Company under the Section 503 program of the Small Business Administration (SBA).

I appreciate this opportunity to testify on behalf of NADO's members as your Subcommittee considers fiscal 1987 appropriations for the Economic Development Administration and Small Business Administration. We are grateful for the bipartisan support that the members of this Subcommittee have given to EDA and SBA over the years.

Mr. Chairman, we particularly appreciate your efforts which have been responsible for continuing EDA's authorization and appropriations in the face of misdirected opposition from the Administration.

NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS

NADO was founded in 1967 by a group of economic development districts to encourage the creation and retention of jobs in rural and small metropolitan areas. Today our members are multi-county planning and development organizations and other state and local agencies which help local governments and the private sector work together on business, community, economic and rural development programs. With a small Washington staff and a strong grassroots network we carry out a number of information, training and service functions including a national conference. This year our meeting's theme is "Rural Development: Strengthening America's Foundation."

DEVELOPMENT DISTRICTS

For thousands of communities, development district staffs provide the only professional assistance to governments, businesses and citizens in the field of economic development. By working cooperatively through development districts, local governments and the private sector can maintain and create jobs with a minimum of control from Washington and maximum local participation. Development districts have become an essential part of the "institutional infrastructure" in much of rural America.

EDA planning grants provide funds to 283 development districts in 49 states for activities which assist local governments to become more efficient and help local businesses to survive and expand. Although the amount per district is very small ($50,000 average), it provides the vital professional staff capability which gives small communities access to development expertise. Loss of these funds would be very harmful to local efforts to improve their economic situation. Now, more than ever, the districts are essential for the economic well being of many rural local governments.

ECONOMIC CONDITIONS VARY WIDELY

NADO's members serve rural and small metropolitan areas across the country. In the areas where we work, we are concerned about the economic well-being of an entire region rather than a single jurisdiction. If a rural or urban area's economy is depressed, the entire country should be concerned and efforts should be made to help people at the local level to improve their situation. That is what EDA has done over the past 20 years — helped local people who want to create jobs.

I would also like the subcommittee to consider the particular problems which continue to be faced by many rural areas and small cities.

RURAL ECONOMIC DEPRESSION

[The general economic recovery of the past several years has bypassed many rural areas.] (1) Preliminary results of a survey done by the Appalachian Regional Commission on the economic conditions of the nation's counties from 1970 to the mid-1980's show that a two-tier economy is developing. Their study shows that the economies of a large number of counties extending from Canada to the Gulf of Mexico are performing poorly. The urban areas of the East and West and some areas in the South are enjoying economic prosperity, but rural areas in the same regions are not faring so well.

Some of the findings in the study include:

* It is evident that the benefits of the recovery and prosperity in the United States are not being enjoyed to the same extent in all areas of the country. Some regions are clearly endowed with a higher number of better-performing counties than are other regions.

* In each region of the country, the metropolitan areas are outperforming the rural areas. The decade of the seventies saw a short-lived surge in growth in rural counties and small towns, which was a reversal of the farm-to-city movement that started at the beginning of the century. By 1980 the trend reversed and outmigration from rural areas was again the norm.

* The effect of the decline in manufacturing employment in the U.S. is markedly evident. Areas that depended on traditional manufacturing, have been shaken by the dwindling relative role of manufacturing as an employer in the U.S. economy.

* Those areas that area still heavily dependent on textiles, apparel, shoes and wood products as a source of manufacturing growth are losing out.

In addition to the problems identified in the ARC study, there are serious problems in many of the extractive industries such as mining, timber and fishing which are located in rural areas. Except for precious and strategic minerals, the mining industries throughout the country are having major problems. In the timber industry employment has been lost because of mechanization and import competition.

The growth of the service economy is also bad news for rural areas. Both business and personal services depend on large numbers of businesses and people as customers. Professional service providers depend on state-of-the art communications and good transportation. One of the results of deregulation for rural areas is the loss of airline service and many local rural telephone companies have inadequate systems for high-technology transmission.

Experts say that there is a rural economic crisis in all but 20 to 25 percent of nonmetropolitan counties. Rural areas that are prospering include resort and retirement areas that are enjoying an inflow of private and government pension and Social Security money.

THE FEDERAL RESPONSIBILITY

We believe that the federal government has a responsiblity to encourage, in fact to foster, economic development in rural and urban areas. Not all communities are equally endowed with economic resources and the effects of broad macro-economic policies do not fall evenly across the land. Many big cities and major metropolitan areas are now experiencing an urban revival. Those of us in the development profession believe that federal investments through programs like the Community Development Block Grant and Urban Development Action Grant programs and their predecessors Urban Renewal and Model Cities, helped to bring about this turnaround.

For small metropolitan and rural communities, EDA is the federal development program that has been of the greatest value because of the types of assistance that it makes available for planning, technical assistance, public works and revolving loan funds.

The federal funds which are provided by EDA, are investments returning tax revenues not expenditures. EDA dollars help rural areas create jobs and leverage private sector funds. (4) Listed below is a summary of 1985 expenditures and projects for EDA:

1985 Total Obligations =	$225,957,000	
Public Works	149,847,000	(220 projects)
Economic Adjustment	32,991,000	(76 grants)
Technical Assistance	8,803,000	(151 grants)
Planning	26,846,000	(500 grants)
Loan Guarantees	(15,325,000)	(4 guarantees)

It is estimated that 61,173 jobs were created by these projects and that at least $1,561,772,000 of private funds were leveraged by the Public Works grants.

CURRENT EDA PRACTICES

NADO members are supportive of Assistant Secretary Orson Swindle's intention to focus EDA's efforts in rural areas. We are pleased to see his interest and have met with him to offer our assistance in improving existing programs.

However, we are concerned that the regional offices and Economic Development Representatives be permitted to work with rural communities to develop projects in Growth Centers, even though they may not meet arbitrary national unemployment criteria that may be imposed by the national office. As the members of this Subcommittee know firsthand, unemployment is not the only measure of distress. In many rural areas, it is difficult to impossible to obtain accurate employment data. In some distressed areas, labor force participation has fallen, resulting in artificially low unemployment rates. We urge that this Subcommittee direct EDA to take other factors into account when determining the need for projects.

NADO's Board of Directors has also adopted a policy that opposes the prohibition in the 1986 appropriations law which prohibits the use of Title IX funds for recapitalization of Revolving Loan Funds. We recognize the need to target the RLF funds to distressed areas as originally provided in the law, and ask that this continue. However, NADO opposes the absolute prohibition against the use of the funds for recapitalization in the current law, and we ask that this Subcommittee revise the language in the 1987 act to provide needed flexibility.](5)

SMALL BUSINESS ADMINISTRATION SECTION 503 PROGRAM IS ESSENTIAL

[One example of how districts serve as a development resource is our involvement in the SBA Section 503 program. Approximately half of the Small Business Administration's Section 503 Certified Development Companies were established on a regional basis by development districts. By using the 503 program, many small businesses have been able to obtain guaranteed loans for fixed asset financing in combination with private funding. Without the institutional infrastructure established by EDA, certified development company financing would not be available in small metropolitan and rural areas.

In 1985 NADO and SBA worked together on a demonstration project in three rural areas to provide management assistance to small businesses. Regional agencies in Colorado, North Dakota and South Dakota were able to hire a management assistance circuit rider who provided direct help to small business people in small towns and rural areas, without charge. Nearly 1000 small businesses were helped through the training and counseling provided by the program. The total federal investment was $170,000 with $50,000 of local match. There are other districts providing such assistance with their own or Job Training Partnership Act funds.

1987 FEDERAL BUDGET PROPOSALS

The President's proposed budget would terminate the programs of the EDA, ARC, SBA, as well as the Department of Housing and Urban Development's Urban Development Action Grant (UDAG) program and the Farmers Home Administration's non-farm development programs such as housing loans and water/sewer grants. Virtually the only remaining assistance would be the Community Development Block Grant (CDBG) program, which would be cut by 32 percent (38.8 percent below the fiscal 1985 level). Attached to this statement are charts listing funding for rural programs from 1980 through 1986 (before Gramm-Rudman-Hollings) which show the enormous cuts in these programs.](6)

The Administration wants to reduce the rural development portion of its $994 billion total to about $600 million (Small Cities CDBG) which represents an 80 percent cut in rural development funds from 1986 to 1987. This means that rural development would get about five hundredths (0.05 percent) of the federal budget, while defense would get 31.4 percent and foreign aid would get 4.3 percent. Federal programs supporting community and economic development in small cities and rural areas totaled (for both loan and grant funds) over $3.1 billion in 1985 and 1986. Included are the portions of EDA, CDBG, UDAG, ARC, TVA, SBA, Historic Preservation, and Outdoor Recreation funds assumed to go into nonmetropolitan America, as well as the nonfarm development funds of the Farmers Home Administration. Not included are EPA wastewater construction grants, federal highway funds, FmHA housing loans, General Revenue Sharing, and other programs which might less directly assist small town and rural economic development.

Other proposed terminations include General Revenue Sharing (GRS), the

Department of Health and Human Services' Community Services Block Grant (CDBG), HUD's Section 312 Rehabilitation Loan and Section 108 Community Development Loan Guarantee programs, the Department of the Interior's Historic Preservation grants and Outdoor Recreation grants programs, the Department of Labor's Trade Adjustment Assistance program, the Department of Transportation Local Rail Service Assistance and Air Service Subsidy programs, and the Tennessee Valley Authority's Economic and Community Resources program.

Massive cuts would be made in the Environmental Protection Agency's Waste Treatment Construction Grants program, which would be phased out by 1990. The program would be cut to $1.8 billion in fiscal 1987, $1.2 billion in fiscal 1988, $600 million in fiscal 1989, and zero in 1990. The rationale for this is that only small, rural communities would remain in need of assistance and they are of no consequence. Also cut substantially, but not phased out, would be Federal-aid Highway funding. There no longer would be a Secondary Highways program; rather there would be a ground transportation block grant program for both transit and highways, which could be bad news for rural areas in some states. Other programs suffering major cuts include HUD Housing Vouchers and the Cooperative Extension Service, which would be reduced by 57.3 percent (59.3 percent below the fiscal 1985 level).

The President's priorities clearly are on defense and foreign aid, not domestic programs. For example, the President's fund for foreign economic support would be increased by 33.1 percent, while that for foreign military assistance would be increased 27.4 percent. It is interesting to note that DoD family housing budget authority would be about $3.4 billion, up 21.2 percent, while FmHA rural housing is terminated.

ABANDONMENT OF RURAL AMERICA

It is clear that the Administration has abandoned any idea of responsibility for the economic future of small town and rural America. Indications are that this Administration believes that people choose to reside in rural America solely as a matter of "life-style choice," and that the federal government should not subsidize such choices. In other words, if people are going to live in small towns and rural areas, they must pay the price (e.g., bear the burdens imposed by dyseconomies of small scale).

It is symbolic that the Office of Rural Development Policy (ORDP) has been abolished after being allowed to do little of consequence while it existed. With "help" from OMB, the Department of Agriculture obviously has become an inhospitable institutional forum for dealing with the survival of rural communities, despite the fact that it still possesses the position of Undersecretary for Small Community and Rural Development and the mandates of the Rural Development Policy Act.

DEFENSE/FOREIGN AID AND RURAL AMERICA: NEVER THE TWAIN SHALL MEET

The Administration tells us that programs like EDA and SBA must be eliminated because of the deficit. Since 1979, EDA has been reduced by two-thirds while foreign aid has doubled!

It is noteworthy that foreign aid would rise significantly in the Reagan budget. Economic aid to Israel would remain at $3 billion and that for Egypt would stay at $2.2 billion (somewhat more than the CDBG program). Food aid (the PL 480 program) is virtually the only part of foreign aid to be cut. It is obvious that military and economic aid to foreign countries would receive precedence over the development of U.S. communities.

Our NADO members were amazed that the President has requested (and the House has approved) $50 million of economic aid to Northern Ireland at the same time that local governments in distressed areas like the Iron Range of Minnesota are told that revenue sharing, EDA and UDAG must be eliminated. While isolationism would be unrealistic, so is a policy that ignores the needs of small communities.

ADMINISTRATION REQUESTS RESCISSIONS AND DEFERRALS OF FISCAL 1986 FUNDS

President Reagan is also requesting numerous rescissions and deferrals of fiscal 1986 funds for domestic development programs. Among the programs slated for elimination by this method are the Appalachian Regional Commission, the Economic Development Administration, and Urban Development Action Grants. We are delighted that this Subcommittee has disapproved both the proposed rescission and deferrals.

WHY ARE EDA AND SBA PROGRAMS IMPORTANT?

A. The traumatic restructuring of the rural economy is now underway. Study after study is now showing that the economic recovery has by-passed rural America, and that the U.S. is developing a two-tier economy -- an expanding urban one and a declining rural one.

B. While a program like EDA is so small that it has virtually no impact on the federal budget deficit, the funds are important to small communities because it provides development money not otherwise available. Rural areas and their local governments have few or no development professionals, but EDA-funded districts provide help not otherwise available.

C. From 1980 to 1986, federal programs designed to help rural development were cut a much greater percentage than those targeted to urban areas.

D. The federal dollars in programs like EDA and SBA are highly leveraged and stimulate private sector growth and job creation.

E. Of the EDA public works funds, 86 percent were for projects in areas with unemployment of eight percent or above in fiscal 1985.

F. In addition to termination of EDA and SBA, General Revenue Sharing is scheduled to expire in 1986. For 80 percent of local governments revenue sharing is the only federal aid they receive. Nearly 75 percent of the 39,000 localities receiving GRS have populations of under 2,500. Small governments use these funds for things like roads and transit and other public functions for which urban jurisdictions receive specific categorical grants.

G. Because of the downturn in agriculture, rural governments are beginning to see a decrease in property tax collections as the value of land declines and farmers are going bankrupt. There has also been an increase in the interest rates that rural localities pay on bonds they issue. While the full effect of the farm crisis has not yet been felt, three very rural states--Montana, West Virginia and Mississippi--actually saw a decline in their per capita income during the last quarter for which statistics are available (second quarter of 1985).

H. The farm bill may worsen the outlook for rural communities because it encourages farmers to idle more acres of farmland which will result in a decrease in farmers' purchases.

I. Experts believe that recovery in the agricultural sector is three to five years away. In addition, recent declines in petroleum prices are depressing incomes in rural areas dependent on employment in coal, oil and natural gas production.

J. International competition in traditional rural manufacturing, e.g., clothing and textiles, has literally destroyed the economic bases in many rural communities.

K. It is highly unlikely that state governments will be able to fill the financial gap that would be created by a loss of programs such as EDA. Already this year 17 states have been forced to reduce their budgets, reflecting the impact of widespread recession conditions.

CONCLUSION

Mr. Chairman we ask that you and the members of the subcommittee continue to provide funding for the Economic Development Administration programs in 1987, because these funds are of vital importance to thousands of small and medium-sized communities across the country who are working with the private sector to maintain and create new jobs. EDA and ARC were created in response to patterns of economic distress that were largely due to previous public policies and their interplay with the private economy. Unfortunately, these conditions persist in many regions and subsequent governmental actions have added new areas to the ranks of distressed places. We also urge that you continue to provide funding for the Small Business Administration, particularly the 503 program, which has been instrumental in creating thousands of new jobs.

NADO supports enactment of H.R. 10 as a sensible way for the federal government to help localities — rural and urban — to help themselves. Our members understand the need for EDA and ARC and for reform of the existing programs to be more in tune with economic realities in the 1980's. NADO supports funding for the current EDA program at 1986 levels until new authorizing legislation is signed into law.

Although we are not speaking formally for other groups, NADO is coordinating the efforts of a coalition of organizations representing cities, counties, towns, mayors, and labor unions who support EDA. Among the organizations working with NADO are:

National Association of Towns and Townships (NATaT)
National Association of Counties (NACo)
National League of Cities (NLC)
U.S. Conference of Mayors (USCM)
American Federation of Labor/Congress of Industrial Organizations (AFL/CIO)
United Steelworkers
National Association of Management and Technical Assistance Centers (NAMTAC)
National Association of Housing and Redevelopment Officials (NAHRO)
American Planning Association (APA)
National Congress for Community Economic Development (NCCED)

Again, let me thank each of you for your support of EDA and SBA. I will be happy to answer questions. End

FEDERAL BUDGET COMPARISON, FY80-86, RURAL PROGRAMS

	1980	1981	1982	1983	1984	1985	1986	1987	Change
DEPARTMENT OF AGRICULTURE									
FmHA									
Water & Waste Disposal Grants	290.0	280.0	125.0	380.0	90.0	115.0	109.4	0.0	-109.4
Water & Waste Disposal Loans	<700.0>	<750.0>	<375.0>	<600.0>	<270.0>	<340.0>	<340.0>	0.0	-340.0
Community Facility Loans	<240.0>	<260.0>	<126.2>	<130.0>	<130.0>	<115.0>	<100.0>	0.0	-100.0
Business & Industry Grants	10.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Business & Industry Loans	<1073.8>	<741.0>	<300.0>	<300.0>	<300.0>	<61.4>	<100.0>	0.0	-100.0
Fire Protection Grants	3.5	3.5	3.3	3.3	3.3	3.3	3.1	0.0	-3.1
Planning Grants (Sec. 111)	6.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rental Housing Loans	<881.3>	<842.5>	<953.7>	<802.0>	<940.0>	<903.3>	<700.0>	0.0	-700.0
Resource Cons. & Develop. (RC&D) Loans	<1.8>	<2.0>	0.9	1.2	4.0	0.5	2.0	0.0	-2.0
SCS									
RC & D Projects	32.0	34.0	26.5	30.7	26.0	26.3	25.6	11.4	-14.2
APPALACHIAN REGIONAL COMMISSION									
Total Non-Highway Programs	126.6	119.9	62.1	83.0	49.1	59.3	54.9	4.0	-50.9
Research, T.A., Other	2.6	1.9	2.8	2.0	2.5	4.0	2.8	0.0	-2.8
Local Development Districts	5.7	6.0	4.5	4.0	4.0	3.5	2.0	0.0	-2.0
Jobs & Private Investment	n.a.	n.a.	n.a.	54.0	27.3	28.4	12.3	0.0	-12.3
Distressed Counties Program	n.a.	n.a.	n.a.	15.0	17.6	17.8	3.4	0.0	-3.4
Health Finish-up Program	n.a.	n.a.	n.a.	8.2	4.1	3.5	0.0	0.0	0.0
* $15 million of $35 million is earmarked									
** $2.8 million of '85 Area Dev. earmarked									
DEPARTMENT OF COMMERCE									
EDA									
Planning Grants	33.6	23.9	24.7	27.0	27.0	26.8	27.0	0.0	-27.0
Public Works	260.7	257.9	129.9	229.9	170.0	156.0	151.2	0.0	-151.2
Economic Adjustment Grants	85.9	12.6	33.0	33.0	33.0	33.0	26.0	0.0	-26.0
Technical Assistance	30.7	26.4	7.9	7.5	8.0	8.2	8.0	0.0	-8.0
Research & Evaluation	4.2	2.7	1.6	2.0	2.0	2.0	2.0	0.0	-2.0
Direct Loans	116.4	54.1	0.0	17.0	18.1	0.0	0.0	0.0	0.0
Loan Guarantees	<425.0>	<425.0>	<150.0>	<20.0>	<150.0>	<150.0>	<150.0>	0.0	-150.0
Salaries & Expenses	40.8	39.7	25.0	27.6	27.9	28.4	24.9	0.0	-24.9
REGIONAL DEVELOPMENT (Title V)	109.4	47.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0
ENVIRONMENTAL PROTECTION AGENCY									
Construction Grants	4900.0	5100.0	3400.0	2430.0	2435.0	2400.0	2374.2	1800.0	-574.2
DEPARTMENT OF HEALTH AND HUMAN SERVICES									
Community Services Block Grant(1980-81 CSA)	550.5	542.3	340.3	375.1	348.0	360.1	366.0	0.0	-366.0
National Health Service Corp.	77.5	92.3	88.4	88.3	65.3	59.7	58.5	47.0	-11.5
Rural Development Loan Fund	20.0	7.7	0.0	0.0	10.0	0.0	0.0		0.0
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT									
Comm. Dev. Block Grant (CDBG)(30% rural)	3862.0	3694.6	3456.0	4456.0	3468.0	3468.0	3124.0	2124.8	-999.2
Urban Dev. Action Grant (UDAG)(25% rural)	675.0	675.0	473.7	440.0	440.0	440.0	330.0	0.0	-330.0
Rehabilitation Loans (312)	214.2	132.3	49.9	44.9	132.1	0.0	0.0	0.0	0.0

FEDERAL BUDGET COMPARISON, FY80-86, RURAL PROGRAMS

DEPARTMENT OF INTERIOR									
State Outdoor Rec. (LWCF) Grants	318.6	293.5	46.4	112.2	115.2	102.4	50.0	0.0	-50.0
State Historic Preservation Grants	43.8	51.7	23.3	46.9	22.0	21.1	20.5	0.0	-20.5
Payment in Lieu of Taxes	100.0	100.0	91.3	96.1	105.0	102.9	105.0	105.0	0.0
DEPARTMENT OF LABOR									
JTPA State Block Grant (1980 CETA)	3342.0	n.a.	n.a	2179.3	3300.8	1886.2	1863.2	1820.0	-43.2
Summer Youth (1980 CETA)	2330.5	n.a.	n.a	824.2	824.5	824.5	664.5	664.5	0.0
Dislocated Worker (1980 Trade Adj. Asst.)	1664.4	n.a.	n.a	110.0	262.7	235.3	100.0	100.0	0.0
Comm. Service Empl. for Older Amer.	266.9	277.1	282.0	319.5	317.3	326.0	326.0	326.0	0.0
SMALL BUSINESS ADMINISTRATION									
503 Cert. Development Co. Loans	<250.0>	<100.0>	<150.0>	<250.0>	<350.0>	<450.0>	400.0	0.0	-400.0
Small Bus. Investment Co. Loans	140.8	160.0	134.1	159.9	250.0	256.0	250.0	0.0	-250.0
Minority Ent. SBIC Loan (Direct)	32.5	41.2	27.3	25.7	41.0	41.0	41.0	0.0	-41.0
General Business Loans (Guaranteed)	<3000.0>	<2004.7>	<1516.5>	<2094.4>	<2600.0>	<2660.0>	<2650.0>	0.0	0.0
General Business Loans (Direct)	210.7	205.1	114.8	65.5	100.3	100.0	0.0	0.0	0.0
Handicapped Loans(Guaranteed)	<0.3>	<1.7>	<0.0>	<1.6>	<5.0>	<5.0>	<5.0>	0.0	0.0
Handicapped Loans (Direct)	19.9	25.0	13.1	14.9	20.0	24.0	15.0	0.0	-15.0
Economic Opportunity Loans (Guaranteed)	<24.5>	<20.4>	<13.4>	<30.5>	<60.0>	<60.0>	<60.0>	0.0	0.0
Economic Opportunity Loans (Direct)	63.2	49.0	21.0	16.5	45.0	45.0	25.0	0.0	-25.0
Energy Loans (Guaranteed)	<11.3>	<7.3>	<1.3>	<3.2>	<15.0>	<15.0>	<15.0>	0.0	0.0
Energy Loans (Direct)	14.4	6.7	1.2	0.4	3.0	0.0	0.0	0.0	0.0
Veterans Loans (Direct)	0.0	0.0	0.0	6.4	25.0	25.0	20.0	0.0	-20.0
Management Assistance	22.1	19.5	29.4	33.1	39.5	39.1	17.4		-17.4
Sec. 501 Program	0.0	0.0	0.0	0.0	2.0	5.0	0.0	0.0	0.0
SBDC Program	3.9	8.1	11.6	15.4	20.5	20.5	35.0		-35.0
Sec. 502 Dev. Company Loans (Direct)	44.7	6.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TENNESSEE VALLEY AUTHORITY									
Economic & Comm. Resources	12.4	11.2	16.0	18.1	20.8	22.5	14.0	0.0	-14.0
DEPARTMENT OF TRANSPORTATION									
Local Rail Service Assistance	82.6	47.4	20.0	22.0	25.2	23.2	20.2	0.0	-20.2
Sec. 18 Mass Transit Grants (100 % rural)	57.1	73.2	74.3	77.2	79.2	81.5	63.0	*	-63.0
Aircraft Purchase Loans	<650.0>	<429.0>	<201.5>	<102.5>	<8.7>	0.0	0.0	0.0	0.0
Appalachian Highway Systems	220.7	210.2	107.6	116.1	110.0	104.3	85.0	0.0	-85.0
Secondary (Rural) Highway System	772.9	443.1	387.0	602.3	500.0	500.0	650.0	*	-650.0
Payments to Air Carriers(Local Air Service)	95.8	114.5	86.1	52.1	46.3	46.3	28.0	0.0	-28.0
DEPARTMENT OF TREASURY									
General Revenue Sharing	6854.9	4569.9	4566.7	4566.7	4566.7	4566.7	4200.0	0.0	-4200.0

NOTES: (1) Brackets <> indicate Loan Guarantee Authority (e.g., EDA Loan Guarantees)
(2) n.a. indicates not applicable or not available.
(3) The Comprehensive Employment and Training Act preceded JTPA.

Mr. **Smith**. I appreciate your statement. I do want to say I think I just wonder what your comment is on this one thing: There has been a great deal of an attempt, of course, to target funds. The targeting measurement of unemployment is very unreliable. It seems to me that in many instances that we are about as well off if we didn't attempt to use unreliable statistics and measures for targeting.

Mr. **Martin**. Yes sir, the data that gets used for especially in the unemployment area, is particularly difficult in rural farming communities, where farmers are not counted in the same way that the percentage who work in factories may be counted in terms of employment and unemployment. It is difficult in an area such as ours in more than Northeastern Minnesota where our numbers are high, have been higher than the national average.

They are still much lower than the reality of what is going on in our area because as our labor force people drop out of the labor force, they are no longer counted, so we are in a situation where our unemployment was dropping very rapidly and the number of people employed in the area was also dropping very rapidly. So you have to understand the data. I think there are some other measures, such as foreclosures and income levels and social service caseloads that give an indication of what is happening in the communities.

Mr. **Smith**. Thank you very much.

Mr. **Martin**. Thank you, sir.

Tuesday, April 8, 1986.

AMES LABORATORY AND ISU

WITNESS

ROBERT S. HANSEN, DIRECTOR, ENERGY AND MINERAL RESOURCES RESEARCH INSTITUTE, AND DISTINGUISHED PROFESSOR OF CHEMISTRY, IOWA STATE UNIVERSITY, AMES, IOWA

Mr. **Hansen**. My name is Robert Hansen, Director of the Energy and Minerals Resources Research Institute and Professor of Chemistry at Iowa State University. I have provided a written statement.

Mr. **Smith**. We will insert it.

Mr. **Hansen**. Therefore, I would only summarize briefly what I have said in there.

The Energy and Mineral Resources Research Institute is an arm of Iowa State University, which operates a number of institutes and facilities, including the Ames Laboratory at the United States Department of Energy, the Microelectronics Research Center, the NSF University Industry Cooperative Center, a nondestructive evaluation of materials, and Iowa State Mining and Mineral Research Institute.

The background and history has been interesting in that the predecessor institute, started as a part of the Manhattan District

Project in the Second World War, and in that project, Iowa State developed the processes for making metallic uranium and over a million pounds of each was produced during the war and on campus at Iowa State University.

Because of this, subsequent to the termination of the war, the State of Iowa established what was called the Institute for Atomic Research and continued work in that general area and that is the predecessor of the present institute.

Shortly after, with the formation of the Atomic Energy Commission, the Ames Laboratory was established as a national laboratory of the AEC at Iowa State. Throughout history we have been very heavily involved in developing processes for making new metals that previously were not commercial and making them in standard purity and doling them out to the point where they become small businesses, and the processes developed there for uranium, thorium, yttrium, all of the elements and in fact, overall about a quarter of the metallic elements in it were developed at Ames.

Incident to the monitoring of these purity metals we have also developed world class facilities in chemical analysis and developed, invented analytical instrumentation which is now marketed worldwide. For example, one particular instrument developed at Ames is marketed by 18 companies worldwide with the Cadillac of the instrument selling for a quarter of a million dollars.

More recently, there has been a strong interest expressed by the Executive Department, by the Legislative Department and then by the public, in how it is that so much basic research is done in the United States, so many Nobel prizes come to the United States. There is such fame for this research discoveries and yet these research discoveries seem not to go as rapidly as they should into the industrial competitiveness of the United States. And it is this sort of thing that I want to talk about a little bit this morning.

The appropriateness of this present subcommittee for testimony—of course we will talk to others—stems from its involvement in the number of agencies which have responsibility in this area. For example, the National Bureau of Standards is an outstanding research organization under the Commerce Department, the Economic Development Administration, from which we have already heard testimony this morning, is much involved in the economic development in the United States, including the development of small businesses to which we also address. And then the subcommittee has also cognizance over the International Trade Administration.

The problem in converting basic research to technology is in the transition between the basic research and the commercial, where the commercial vision develops and the fact that the commercial vision presently is in a very short time scale—about five years maximum—and as a result of that, a company that cannot see the transition from a basic research finding to something they can be selling for a profit within five years, they are not ready to undertake it and somebody else has to develop that transition to the point where the vision occurs.

That is possible to do. We have done it, but I must say we have done it under highly improvised institutional arrangements. I think it is greatly in the national interest that alternate institutional arrangements have been established.

Let me talk about the concept that we have for a center for new industrial materials. The object is to carry selected basic research findings related to materials to engineering prototype levels, providing materials in amounts and quality such as potential uses can be real strictly evaluated and establishing basic processing requirements in sufficient detail to provide realistic basis for estimating plant development and production costs.

Let me give you an example of a couple of things that we have been involved in that illustrate how necessary this is.

We are very recently involved with a new material which is a magnetic strictive material which means simply when one puts a nail in to a visualized magnetic field it expands or contracts, it will do that very, very fast.

This material is of great interest for sonar transductors in the U.S. Navy. We are cooperating with the U.S. Navy Surface Weapons Laboratory and their contractors in developing this for sonar material. It turns out that the basic principle of that was discovered in the Ames Laboratory in the late fifties. However, with the material which it was done it would only work at temperatures far below the freezing point and therefore was not very useful for detecting submarines at under the ocean temperatures. Subsequently, it was found to modify this material so it would work very well at higher temperatures, and in our cooperative work we have found—and it is very tricky to learn how to develop this—the fact that you have a nail and it works a little bit well, to change it to something which can be made to work beautifully, reliably, and with a very large energy product, took us a lot of time—several years—but the problem is substantially well on its way to solution.

Similarly, we have another analytical instrument—I was talking about the one with the Cadillac selling for a quarter of a million dollars, the principles of its usefulness, new principle for economic analysis, was demonstrated, but it took about seven years to get it to the point where it would fix, so you can use the principle to simultaneously determine 50-50 elements and print out the answer in two minutes, and that is a point everyone in the world wanted to develop that instrument, but it took time.

Now, what we have in mind is similar development with regard to materials and instrumentation of associated broadly with the components would be new material synthesis, material processing, and materials reliability. I have already indicated a little bit of the problems of the materials processing. I should make just a quick side remark that in making a metal one has fine grains in it. The behavior of the material, metal, tremendously reflects the properties and sizes of those grains. Those need to be controlled at the level of a few millionths of an inch and that is where the processing comes in and that is a large part of the development from a laboratory curiosity to useful material.

When material is made there is also a question can you make it reliably and will it perform its services. This involves questions of how can you test for flaws, how can you estimate the consequences of those flaws. Those things go all the way up to reactor containment vessels.

The third thing that has to do with complex materials processing is a question of automating them in such a way that one does not have to be a PHD physicist to do it. One wants to be able to do it so that a skilled laborer can do it, and do it reliably. That means that a lot of material instrumentation has got to be developed so that there is a reliability in materials comparable to that which we now have in the semiconductor industry but have in almost no other materials industry in the country.

These things give large small business opportunities and this is one of the things that I wanted to emphasize a little bit, because of new specialized materials are dependent very heavily on the method in which they are produced and therefore, they have value added qualities which depend on the skill of the labor and not on the location of the resources. Therefore, they can be put anywhere. They can be put in Iowa, they can be put in Northeast Minnesota, for example.

The payoff that I envision for an operation like this is something of the order of five to seven new businesses every five years, let's say an average of one per year, based on totally new materials and instruments with sales values of the order of at least $100 million per year per industry, suitable as I say for location wherever skilled personnel exist. Generically we hope that technology developed will markedly improve U.S. materials processing technology everywhere, enhancing its international competitiveness. The basic research components exist. We need to make them useful.

The specific vision that I have is an arrangement in which one has from $10 to $12 million financing to establish a facility and an initial staff, a building and initial equipment spread over about a three year period. About $3 and a half million in fiscal year '87, steady state operation of about $6 million per year, half federal, half state and industrial.

I think that the opportunity for delivering new industries is very, very large. The versatility of those I think is impressive and I think it could set a pattern for other similar federal operations which I think could be tremendously beneficial to our economy.

Thank you.

[The statement of Mr. Hansen follows:]

TESTIMONY OF

Robert S. Hansen
Director
Energy and Mineral Resources Research Institute
and
Distinguished Professor of Chemistry

Iowa State University
Ames, Iowa

Before

Commerce, Justice and State Appropriations
U.S. House of Representatives
April 8, 1986

Mr. Chairman, my name is Robert Hansen and I serve as the director of the Energy and Minerals Resources Research Institute at Iowa State University. As a part of this Institute, we operate the Ames Laboratory for the USDOE, the ISU Microelectronics Research Center and the NSF/University/Industry Cooperative supported Center for Non-Destructive Evaluation. In each of these activities, the central focus of all of our efforts is the discovery and development of new materials.

Need for a Center for New Industrial Materials

As an institution, we have been involved in the business of discovering new materials and developing the fundamental processing knowledge to produce these materials since the early 1940s. Iowa State University scientists, as a part of this effort, developed the processes for producing uranium, thorium, yttrium, as well as all of the rare earth metals and a number of other materials. From this base of knowledge, we have subsequently developed new scientific instruments and new commercially important materials which have played an important part in the development of a number of industries and in the development of several completely new businesses (see Appendix I for short review of ISU developments since 1941).

These examples illustrate the fact that the basic knowledge which we pursue, as well as that which other researchers in the U.S. pursue, can if properly nurtured lead to new business activities. Unfortunately, as a community we lack the institutional flexibility and organizational mechanisms to fully capitalize on the knowledge we produce. Basic knowledge regarding new materials and new materials processes from which new industries might be developed is often underutilized. Our experience indicates that many of the materials discovered here at ISU could serve as the basis for totally new industries, as well as the basis for new products in existing industries. To pursue this goal, however, requires the development of a mechanism which can pull basic knowledge about materials and material processes to the point where it pushes the development of new industries.

To meet this need, we are proposing that a Center for New Industrial Materials be developed. This center will be designed to pursue the development of maximum return on our basic knowledge about materials and material processes to the point that new industries might be developed. We anticipate that should a center of the type described below be developed, that within 5 years 7-10 totally new industrial materials can be developed from our existing knowledge base. It is anticipated that each of these new industrial materials, in and of themselves, will lead to new business enterprises and totally new markets. At present, only the Japanese are aggressively pursuing research related to the development of new industrial materials, particularly special microstructures in the way we are proposing. We consider the need to be very great and the field to be wide open.

Anticipated Benefits of Program

If developed, the Center for New Industrial Materials, will potentially contribute to the nation through:

1) increase in international trade through the development of new special materials;

2) the potential development of new small businesses and markets;

3) continued development of new generic technology materials on the edge of the scientific frontier.

Each of these items is a critical element in our national effort to retain our current economic development patterns.

Benefit to the Economy

Initial estimates of the benefit of this activity to economic development indicate that 5-7 totally new industrial materials can be expected before 1992. It is estimated that the business potential for each of these new industrial materials is significant. Our past experience indicates that markets for special microstructure materials can range from $30-250 million per year for each of these materials. Markets for new industrial materials processes and instrumentation also exist and are significant.

Benefit to Iowa

Over the past 40 years the research activities at the Ames Laboratory and Iowa State University related to materials research have had a significant national impact. New materials and processes have been developed and adopted by industries around the United States and new instruments related to materials science have been invented and are now being produced by companies throughout the United States. Unfortunately, not much of this economic activity has taken place in Iowa. We feel that this is the result of the lack of systematically integrating the basic research activities that have historically gone on in this field with the long-range applied research which is proposed in this prospectus.

Our recent experience with the new material, Terfenol D, indicates that the development of knowledge regarding the potential applications of new materials, as well as the processes for producing these materials, can attract business to Iowa. Our hope is that the research carried out in the search for new industrial materials, totally new materials which are not currently being produced, could provide the type of impetus necessary to attract firms interested in manufacturing these new materials. We feel that the types of plants necessary to produce these materials could be developed in research park type arrangements and that a close linkage with this research facility would lead to economic growth in this high technology area. Estimates of early employment, first stage production, for these special materials range from 30-150 persons per material (5-7 new materials are expected within 5 years).

Preliminary Prospectus
for the
Center for New Industrial Materials

Introduction

Materials research in the U.S. today is a significant enterprise involving numerous industries, universities and the government. Facilities associated with private industry focus largely on research related to specific product lines while research at government-financed facilities and universities is generally broader and more fundamental. Significant work within this array of institutions is under way on the development of new advanced materials as well as continued basic research in fundamental material science. In FY 1984, this basic research effort was supported by the federal government at the $1 billion/year level.

The federal materials research infrastructure is funded and operated by a wide range of institutions. On the basic research side, the NSF supports materials research at 14 major centers and 8 smaller research groups. This program totals $300 million per year and represents 20% of the governments total effort. In addition, there is another 100 million in other types of project support. Among the mission agencies (primarily DOD, NBS, NASA and DOE), the government also supports a number of basic materials research activities totalling $700 million per year, or 70% of its total research investment. There is a serious need to capitalize on this basic research to bring the materials to the stage of commercial viability. This endeavor has discovered a wide range of new phenomena and has produced small quantities of a large number of very interesting new materials. What is needed now is a systematic effort to bring these discoveries to the point of industrial viability.

While there is a significant amount of research being conducted to address the problem of developing new industrial materials and replacing or extending the life of critical materials (materials that are critical to the well-being of the U.S. economy), these activities are not well integrated or well-focused. Our experience as developers of a wide range of new materials since 1940, tells us that materials research directed toward specific goals, such as the development of new industrial materials and the extension or replacement of critical materials, requires a well-integrated program within a single research institution.

This prospectus outlines the structure and objectives for a proposed Center for New Industrial Materials.

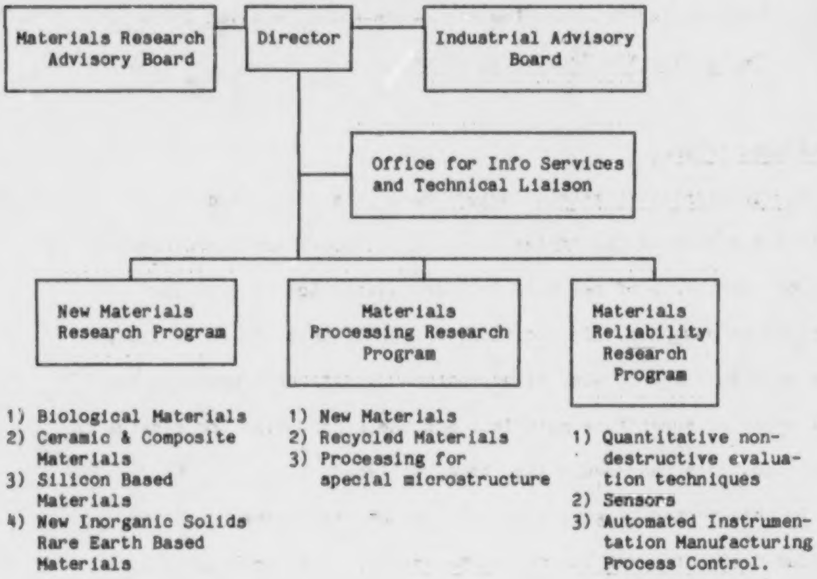
Recommended Program

New industrial materials include materials for both defense purposes and general industrial uses. A useful research program must include: synthesis of new materials and adaptation of existing materials to new uses. In addition, the efficiency and reliability of these materials should also be evaluated. A data base spanning the total array of substitute materials and their potential for service in various applications should also be established.

In this regard, Figure 1 details the program elements of the proposed Center for New Industrial Materials. This program configuration assumes that the Center will not duplicate research activities already on-going at other federally financed or industrial centers. For instance, the advanced materials research activity would conduct projects that would contribute to generic technology development. With this value added type of research, we expect that only the most promising advanced materials would be investigated. In addition, totally new materials such as Terfenol-D, Copper-based microfilamentary alloys, and permanent magnet materials currently under development at Iowa State would be investigated as to their potential as a new industrial material.

Each of the organizational elements of the proposed center are detailed below.

CENTER FOR NEW INDUSTRIAL MATERIALS


Materials Research Advisory Board
Director
Industrial Advisory Board
Office for Info Services and Technical Liaison
New Materials Research Program
Materials Processing Research Program
Materials Reliability Research Program
1) Biological Materials
2) Ceramic & Composite Materials
3) Silicon Based Materials
4) New Inorganic Solids Rare Earth Based Materials
1) New Materials
2) Recycled Materials
3) Processing for special microstructure
1) Quantitative non-destructive evaluation techniques
2) Sensors
3) Automated Instrumentation Manufacturing Process Control.

Center Management and Proposal Review

Center management will be the responsibility of a full-time director. The director will have responsibility for daily operations, fund raising, research planning and for staffing the two advisory boards. Advising the director will be a Materials Research Advisory Board made up of materials research directors and others from around the country and an Industrial Advisory Board made up of representatives of firms participating in the Centers activities. Each of these advisory boards will also serve as the proposal selection teams on an annual basis.

Technology Assessment and Transfer

A key component of the Center will be the Office for Information Services and Technical Liaison (OISTL) which will serve as the principal technology transfer unit of the Center. It is essential that a national data base be developed on the properties and performance potential of the new industrial materials, critical materials and their possible replacements. It is anticipated that OISTL will offer on-line computer access, as well as hard copy data on existing and new materials and that, when necessary, liaison services will be offered on a cost basis to industries that wish to implement ideas derived from the data base.

Specific catalog and data services of OISTL will include:

- data on properties and reliability or new industrial materials,
- general data on the supply and demand of the various commodities for both existing and substitute materials,
- catalog and abstracting of relevant new industrial materials research.

Technical Program

The search for new materials and the evaluation of their utility is an activity common to nearly every materials research center in the country. What makes the proposed program unique is its mission, the search for and development of materials which can serve as the basis for new industries. The goal of the program is to develop materials with characteristics so unique that they can serve as a basis for the development of new industries.

To address this mission, we will create a center in which industrial and university researchers can work cooperatively to solve major problems. This requires a place to work, specialized facilities to try out ideas, a team of resident experts and the basic services to carry out research effectively. We envisage specific projects that take 1 to 3 years, although some ideas could be tried in joint projects which take only a few months. Both new materials and new instrumentation to process these materials will be developed.

New Materials Research Program

Effort initially will focus on groups of materials where the University has a demonstrated record of success. These include:

Rare Earth Based Materials

- design of materials that perform new functions such as the magnetostrictive material terfenol for sonar and other applications.
- development of new magnet materials to replace or complement samarium-cobalt and iron-neodymiun-boron ferromagnets.

Microfilamentary Metal Composites

- Copper based microfilamentary metal composites which show both very high strength and high thermal and electrical conductivity.
- Metal-metal composites which show high strength and low density for aircraft applications.
- Metal-metal composites which show very high strength at high temperature for combustion applications.

Silicon Based Materials

- design of new silicon polymer precursors for the production of high performance silicon nitride.
- design of silicon polymers for high temperature materials.
- design of organometallic precursors for new material fabrications.

New Inorganic Solids

- synthesis of new materials with unusual stability at high temperature.
- synthesis of cage and chain compounds which show very anisotropic mechanical and electrical properties.
- cobalt, chromium and platinum group replacements for corrosion resistant, high strength and magnetic materials.

Materials Processing Research Program

After a new material with promising properties has been synthesized or identified, many steps are often still required before its potential as a new industrial material can be fully assessed. The same is true for new processing techniques. Procedures must be developed which produce the knowledge base for the production of large quantities and in a form suitable for industrial use. Our experience with vanadium reduction, thermite processing of uranium and the development of terfenol-D alloys indicates that perfecting the art of production on an industrial scale also takes considerable research.

The intent of the materials processing research program will be to establish the science by which new materials industrial processing technology can be developed on a scale sufficient to attract commercial interest. We hope to develop the knowledge base needed for optimum processing and for enhancing material reliability. We will develop the instrumentation and technology base which is needed for industrial scale processing, carrying each process through the engineering prototype stage (rather than pilot plant or demonstration plant stages, as this will be industry's role) and produce a sufficient amount of each material so that samples of a size adequate for property evaluation can be furnished to governmental agencies and private industry.

We plan to address the processing questions associated both with the new materials, developed as part of the research program and with recycled materials (a major problem at present). This includes both process development and process control requiring new analytical techniques and improved analytical instrumentation.

Processes for which a knowledge base currently exists, which would be early targets for process development, include:

- mechanical co-reduction of powder compacts to form microfilamentary metal-metal composites which combine high strength with high thermal and electrical conductivity.
- mechanical co-reduction of compacts made of expanded metal and sheet metal, to make composites which combine high strength and low density ("jelly roll" method).
- thermite reduction process for magnetic and magnetostrictive alloys.
- fabrication of new, silicon based materials derived from novel silicon containing precursors.

- processing of inorganic solids using organometallic precursors.
- processing of silicon and gallium arsenide wafers to include both passive and active elements for microelectronic circuits.
- processing of catalytically active compounds onto large area supports for the processing of chemicals.
- the development of prototype software and hardware for instrumentation to automate these processes.

In the future, more industrial process control will be performed on-line, in real time, automatically and remotely. Although liquids and gases have been analyzed in this way for decades, this has not been common for solid materials. Our experience in developing these on-line, real-time and remote analyses for spent nuclear fuel gives us a competitive advantage in this emerging technological arena. Specific examples in analytical instrumentation include:

- on-line monitoring of gases released or generated during processing.
- direct laser generation of aerosols, on a microgram to milligram scale, followed by the introduction of the aerosol into an inductively coupled plasma detector.
- direct photoacoustic spectroscopic determination of inorganic or organic compounds in solids on-line and in real time.

- laser-induced breakdown spectroscopy, laser plasma-afterglow spectroscopy and coherent anti-Stokes Raman spectroscopy to analyze materials.

Materials Reliability Research Program

An essential test that a new industrial material must meet is the integrity of the product and its reliability in service. There must be procedures to test for quality during production and to evaluate the material for probable failure after it is in service.

Materials reliability research is, for the most part, carried out as a process of assessing the probable life of a given material in a range of environments and evaluating the failed material to give empirical evidence regarding the cause of failure or to specify more accurately the life expectation. To make most effective use of a material, it is necessary to design instruments to interrogate for flaws. This includes the development of automated systems to properly interpret the results of this interrogation and make proper decisions about acceptance or rejection of parts.

To address this mission, we plan emphasis on the following areas.

Sensor Development

- Development of new classes of piezoelectric transducers for ultrasonic interrogation of materials. Emphasis will be on broad band response and multi-viewing probes.
- Development of eddy current and other electromagnetic interrogation probes.
- Development of microfocus X-ray techniques.

- Development of Superconducting Quantum Interference Device (SQUID) gradiometer systems to detect flaws.
- Development of thermal wave and photoacoustic non-contact sensing devices.

Signal Processing

- artificial intelligence and adaptive learning for the design of interrogating signals and the interpretation of the results.
- image analysis, interpretation and enhancement algorithms.
- improved and more efficient procedures for document storage.

Accept/Reject Criteria

- development of probabilistic accept/reject criteria for both materials and components based on possible failure modes, the NDE inspection results and the expected usage environment.

The particular materials of prime interest, initially, will be:

1) ceramics
2) magnetic materials
3) metal-metal composites
4) fiber reinforced composites.

Program Funding Requirements

Following an initial federal capital investment of $10-12 million over 2-3 years ($3.5 million in FY 1987), it is estimated that full scale Center operations will require an operating budget of approximately $5.5 million per year. Following a period of initial federal support and investment, our plan is to finance the Center with approximately 50% federal resources and 50% industrial and other resources.

APPENDIX I

New Industrial Materials Developed at Iowa State University

There is a long tradition of material development work at Iowa State University and the Ames Laboratory which ISU operates, particularly in the field of metals such as rare earth and transition metals. The laboratory was founded shortly after Professors Spedding and Wilhelm developed the processes for making uranium and thorium metal during the 1940s as part of the Manhattan Project. Over a million pounds of each of these metals was made on the campus of Iowa State University and the processes were subsequently transferred to industry. Essentially, these same processes are in use today.

In the 1950s, processes for separating the rare earth elements from their ores and the subsequent reduction to metals was developed at Iowa State University. Particularly noteworthy in this effort was the development of the ion exchange process for separating the rare earths from one another. This effort included, for example, the development of processes to produce several tons of yttrium metal for a special nuclear reactor application at a time when only a few grams of material had previously been produced. Other achievements in the 1960s include the development of an aluminothermic process which is presently used for the nation's supply of high purity vanadium and the development of a process to separate hafnium from zirconium for the zircalloy needed as a fuel element cladding in nuclear reactors.

In the early 1980s, a new process for making superconducting wire for large scale magnets was developed. This so called in situ process for niobium-silicon conductor involves the development of casting procedures for dendritic copper-silicon alloys, the development of an internal core process for introducing tin, the subsequent working into wire and heat treatment to form Nb_3Sn. Careful control of dendrite growth during casting and careful sequences of mechanical working were essential ingredients in this achievement. At the present stage of development, castings weighing 80 kg and lengths of wire measuring several miles long are being made.

The most recent material processing projects include the development of a highly magnetostrictive alloy called Terfenol-D, in collaboration with the Naval Surface Weapons Laboratory. This is a rare earth-iron material which shows an expansion of 2400 parts per million in a magnetic field of a few hundred Oersted. This material was initially developed for use in sonar projectors, but it also has other excellent potential for use in fuel injection devices, laser mirror actuators and robotic joints. Processes for casting and the dendritic growth of aligned grains of the material on a scale required for sonar applications were developed. This involved the solution of many problems in dendritic growth, grain alignment, trace element additives and second phase control.

Another opportunity for the development of new processing techniques is based on basic research in the field of copper based microfilamentary alloys. This problem is a spin-off of the superconducting wire project and involves special problems in casting and mechanical deformation to produce the product. The casting procedures used for those copper-niobium alloys in the superconducting wire project also apply to a wide range of copper based transition metal alloys. These materials are important for their high strength and high conductivity. When drawn to wire, these alloys are composed of ribbon shaped transition metal filaments in a copper matrix and have ultimate tensile strengths in excess of 210 ksi with electrical conductivities 67% that of copper. A wide variety of other matrix and filament combinations may be possible and much research needs to be done to develop processes for these high performance materials.

In all of these developments mentioned above, there are generic problems which arise in connection with the processing of specific materials. Solutions to these problems provide a broader base of knowledge and new ways to use instrumentation which apply in whole classes of new problems as well as providing a new class of materials and subsequently new classes of industry.

Mr. **Smith**. That was very interesting. What we are looking for in this country is a way to get new jobs and compete in the world. Sometimes you get off into fields that a layman like me doesn't understand. One thing I do understand, and that is that we are so dependent in our auto industry, in our tractor industry, and our economy, on metals that come almost entirely from South Africa and Russia. We shouldn't be dependent on them for that. Isn't there some way that we can develop those?

Mr. **Hansen**. That is exactly one of the targets in our new materials, that we are including research aimed especially at substituting for critical materials—cobalt being a very good example—the platinum metals, platinum coming very heavily from the Soviet Union, cobalt materials coming very largely from Africa and both of those I think there are opportunities for substitution in them. We are looking at those.

Mr. **Smith**. Can you give us any projection of how long it would take us to develop such metals?

Mr. **Hansen**. What will almost surely be true, Mr. Smith, is that the substitute will depend on the use. For example, in certain permanent magnets, cobalt is a very useful component. There is a new permanent magnet which doesn't require cobalt.

Mr. **Smith**. How about the concept of hardening gears?

Mr. **Hansen**. The hardening gears can be also accomplished by other technologies, including iron implantation particularly, and that has been done and it can also be done to advantage by things like surface nitrating and carbiding and things of that sort. We expect to be working in that area as well. If you modify the surface in a lot of ways you modify the whole material.

Mr. **Smith**. You can't necessarily make a projection as to how long it would take us if we really concentrated on it?

Mr. **Hansen**. Sir, I think if you gave me one particular one I could, but all of them at once, I am not sure I know. But I think for a particular use, you can almost find a substitute if you want to. Say I want to find a material that will substitute exactly for the cobalt and everything it does. I doubt that there is a realistic goal.

Mr. **Smith**. Well, we surely ought to be working on it.

Thank you very much.

TUESDAY, APRIL 8, 1986.

FEDERAL COMMUNICATIONS COMMISSION

WITNESSES

PAUL RODGERS, ADMINISTRATIVE DIRECTOR OF THE NATIONAL ASSOCIATION OF REGULATORY UTILITY COMMISSIONERS

PHYLLIS B. LEVINE, NARUC ASSISTANT DIRECTOR OF CONGRESSIONAL RELATIONS

Mr. **Smith**. Paul Rodgers.

Mr. **Rodgers**. Mr. Chairman, My name is Paul Rodgers. I am the Administrative Director of the National Association of Regulatory Utility Commissioners. I am accompanied by Phyllis Levine of our staff.

The NARUC is made up of the Commission of all 50 States that regulate utilities commissions, such as the Iowa State Commerce Commission, and we are here to seek once again appropriations of $100,000 for travel expenses of the state members of the Federal-State Joint Board. The Federal-State Joint Board has been part of the Federal Communications Act since 1972, and it is procedure that is unique in the federal system and one that we feel has worked very well. The way it works it is composed of four state commissioners, and three federal commissioners, that make a decision equal to an administrative law judge decision, and that is subject to review and revision by the full Federal Communications Commission and it is basically an advisory committee but it is one that you can be assured will be heard.

The problem we have with the telephone field is that the Federal Communications Commission pretty much controls the allocation of costs between international and intrastate rate making and its decisions have a great impact on what local ratepayers, particularly residential ratepayers, wind up paying for their services and in this we have had a difficult time since divestiture and since this increasing competition in trying to keep the rates down at the local level, and we have three joint boards.

I think the exhibit A is the centerpiece of the subject of the Joint Boards. Resulting from the setting of this access charge fee and on every residential telephone bill in the nation today you have this access charge fee listed on it, which is described by the Federal Communications Commission pursuant to a Federal-State Joint Board recommendation for residential and single line business subscribers. It is a $1 fee, which was effective June 1985, and will be frozen to $2 per month effective June 1986. Now the Federal Communications Commission originally proposed that that fee be fixed at $4 per month per residential customer. Based upon the intense negotiations between the state members of this Federal-State Joint Board of Federal Communications Commission, it came off for much less than half of that to begin with, and it will be 50 percent come June of '86 as to what the Federal Communications Commission originally proposed. So it seemed to me that of the actual work of the Federal-State Joint Board that that demonstrates the more important part of this.

I think the Federal Communications Commission is so sold on the value of these joint boards because even under Gramm-Rudman the meeting and administration of the Federal Communications Commission once again supports its appropriations for $100,000.

We have two other joint boards working in other technical matters, and the Federal Communications Commission Fourth Joint Board, to work out adjustments in the uniform system of accounts and I think what is so important is that the Federal Communications Commission is basically a national and international regulator, and Federal Communications Commission is very busy and it is easy not to give the kind of consideration that it should to the welfare of local ratepayers and try to keep rates as low as you can and try to maintain universal service. The state commissions are there in the states and they are under the gun of these consumers and they are under pressure to represent them, and the Federal-State

Joint Board process assures that all of these decisions of the Federal Communications Commission affecting these local ratepayers, that you have this input, and that it is tempered.

State commissions are contributing in effect, in kind, because we have eight state commissioners and 18 staff members for a total of 26 people scattered around the country participating in this work and of course, salaries and fringe benefits and other overhead expenses would far exceed the $100,000. We are asking the Federal Government to cover these transportation expenses for one more year.

So with that, Mr. Chairman, we fully set forth all of these matters in much more detail than I have endeavored to here to conserve time of the subcommittee by just highlighting the salient features of our position in this matter.

[The statement of Mr. Rodgers follows:]

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON
COMMERCE, JUSTICE, STATE, JUDICIARY AND RELATED AGENCIES

TESTIMONY OF THE

NATIONAL ASSOCIATION OF REGULATORY UTILITY COMMISSIONERS
1102 INTERSTATE COMMERCE COMMISSION BUILDING
TWELFTH STREET AND CONSTITUTION AVENUE, N.W.
POST OFFICE BOX 684, WASHINGTON, D.C. 20044
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ON

FEDERAL COMMUNICATIONS COMMISSION APPROPRIATIONS FOR THE 1987 FISCAL YEAR

APRIL 8, 1986

Mr. Chairman and Distinguished Members of the Subcommittee:

Introduction

My name is Paul Rodgers and I am General Counsel and Administrative Director for the National Association of Regulatory Utility Commissioners, commonly referred to as the "NARUC". Accompanying me today is Phyllis B. Levine, NARUC Assistant Director of Congressional Relations.

The NARUC is a quasi-governmental, nonprofit organization founded in 1889. Within our membership are the governmental agencies of the fifty States, the District of Columbia, Puerto Rico and the Virgin Islands which are engaged in the regulation of utilities and carriers. Our chief objective is to serve the consumer interest by seeking to improve the quality and effectiveness of government regulation in America.

The Association greatly appreciates this opportunity to request your support for funding to defray the travel expenses of the State members of the three Federal Communications Commission's (FCC's or the Commission's) Federal-State Joint Boards (CC Docket Nos. 78-72 and 80-286, 85-124 and 83-1376) and their supporting staff members for the 1987 Fiscal Year (FY).

Since our members represent the State governmental agencies which regulate intrastate telecommunications, we are extremely interested in ensuring that the Joint Boards remain effective bodies able to assist the FCC in implementing and monitoring the many changes currently taking place in the telecommunications industry. The role of Joint Boards in developing national telecommunications policy has proven an immeasurable benefit to consumers and the nation as a whole. Our testimony traces the activities of the Joint Boards since their inception with particular emphasis on this past year's highlights.

The Role of The Federal-State Joint Boards

1. Jurisdictional Separations Joint Board (Docket 80-286)

On June 11, 1980, the FCC instituted a proceeding to amend Part 67 of the Commission's rules concerning jurisdictional separations. The Joint Board was established pursuant to Section 410(c) of the Communications Act[1] to develop the relevant separation manual revisions.

In late 1981, the Joint Board issued its first Recommended Decision and Order in Docket 80-286 which proposed a gradual phase-out of customer premises equipment (CPE) of the separations process and capped CPE plant accounts for separations purposes as of December 11, 1982. The Joint Board also adopted a Recommended Decision and Order proposing such a phase-out and capped CPE plant accounts for separations purposes as of December 11, 1982. Also on December 14, 1981, the Joint Board adopted a Recommended Decision and Order proposing that the FCC freeze the subscriber plant factor (SPF) at the average 1981 annual percentage level, effective January 1, 1982, to preserve the status quo pending Commission prescription of a new method for allocating non-traffic sensitive (NTS) costs. On February 24, 1982, the FCC adopted these recommendations with minor technical modifications.2

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[1] Section 410(c) of the Communications Act of 1934 [49 U.S.C., Sec. 410(c)] provides that the FCC shall refer any proceeding regarding the separation of telephone company property between Federal and State jurisdiction, and may refer any other matter of joint Federal-State concern, to a Joint Board composed of three FCC commissioners and four State commissioners. Section 410(a) of the Act provides that the Joint Board members receive such allowances for expenses as the Commission shall provide.

On April 15, 1983, the Federal-State Joint Board issued its Second Recommended Decision and Order in CC Docket No. 80-286 recommending a new jurisdictional allocation methodology for certain telephone company costs. The Joint Board also recommended the level of funding for a universal service fund to provide targeted rate support to telephone subscribers in high cost rural areas. In order to provide the greatest opportunity to accommodate Federal and State interests and to ensure that industry and consumer representatives had the best chance to present their views, the Joint Board conducted several meetings in Washington, D.C. and a series of eleven regional hearings. The Commission subsequently adopted the Joint Board's recommendations with changes and clarifications.

In 1984, the Joint Board played an active and very significant role in resolving many post-divestiture and other telecommunications issues. The role played by the Joint Board in achieving a compromise alternative to the FCC's access charge plan is perhaps the most telling example of the Joint Board's immeasurable contribution

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2 On the same day, the Joint Board recommended amendment of the CPE plan designed to allow individual States to advance the date for capping the CPE accounts on a company by company basis. After allowing an opportunity for comment on this proposal, the Commission adopted the Joint Board recommendation with minor modifications on May 24, 1982.

to consumers and the nation as a whole in developing national telecommunications policy.

NTS fixed local exchange telephone plant costs assigned to the interstate jurisdiction were once recovered through interstate toll rates. However, in December 1982, the FCC established a uniform "subscriber line charge" to recover a major portion of NTS costs. The proposal called for a $2.00 per month charge for residential customers in 1984 increasing to $3.00 in 1985 and $4.00 in 1986. State regulators were strongly opposed to the FCC subscriber line plan on grounds that the plan would effectively threaten affordable and available telephone service for all citizens in the United States. Indeed, the NARUC so testified before Congress in 1983. Nevertheless, the FCC reaffirmed in February 1984 its conclusion that recovery of NTS costs through a subscriber line charge would serve the public interest. In April 1984, the Joint Board was asked by the Commission to examine how best to implement an end user access charge for residential and single line business customers. In view of widespread opposition to the access charge plan, the Joint Board was granted authority to develop possible alternatives to the end user access charge.

After months of careful examination and negotiation, the Joint Board recommended that the FCC implement only limited subscriber line charges for residential and single line business subscribers. Under this proposal, a $1.00 monthly subscriber line charge for these customers would be implemented effective June 1985, increasing to and frozen at $2.00 per month effective

June 1986.

In 1985, the Joint Board played a critical role in heading off a confrontation between the States and FCC over the separations treatment of equal access and network reconfiguration costs (EANR). On April 11, 1984, the Joint Board issued an Order Inviting Comments on the allocation of EANR costs, with follow-up comments requested on March 25, 1985. Upon conclusion of the pleading cycle, the Joint Board was faced with two choices for allocating these costs: relative toll minutes of use, advocated by the FCC, or relative access minutes of use, advocated by the States.

The NARUC was extremely concerned that shifting these costs to the intrastate jurisdiction through use of toll minutes was contrary to the intent of the Modified Final Judgment (MFJ). The MFJ clearly intended equal access to benefit users of the predominantly interstate long distance market. Moreover, use of toll minutes would have forced the exchange carriers to substantially raise local rates, resulting in dropoff from the network. Following months of negotiation between State and Federal regulators, the Joint Board issued its July 12, 1985 decision to separate the costs of equal access on the basis of relative access minutes of use.

As a result of this cooperative process the potential threat of upward pressure on local rates due to the implementation of equal access, as well as a confrontation between the FCC and States, was avoided.

While the Joint Board made recommendations on a number of other issues related to the allocation of non-traffic sensitive plant, its focus in late 1985 was on lifeline telephone service.

On March 29, 1985, the Joint Board released an Order Inviting Comments on lifeline issues. The four issues to be addressed were: the proper State and Federal roles in implementing assistance measures to ensure the continuation of universal service for low-income households; criteria for determining eligibility for such assistance; the type or types of lifeline telephone service which should be made available to eligible subscribers; and the mechanism for funding these assistance measures. The Board asked for addtional comments on July 12, 1985.

On October 11, 1985, the Federal-State Joint Board adopted recommendations for optional lifeline assistance measures to ensure that low-income households are able to afford telephone service. Under this plan, the FCC would match State assistance for low-income households under qualifying programs up to the amount of the Federal subscriber line charge.

While this program would provide the States with a strong incentive to implement lifeline programs whenever appropriate, State participation would not be mandatory. On December 2, 1985, the FCC adopted the recommendations of the Joint Board concerning lifeline assistance measures.

Once again, the Joint Board process was instrumental in resolving the difficult social policy issues surrounding lifeline telephone service. The result is a plan that permits States to tailor lifeline assistance to the unique needs of each State. This solution is far more workable than a Federally imposed plan.

We strongly believe that the cooperation between Federal and State regulators through the Joint Board process to achieve more workable and eminently more fair decisions involving access charges, separations treatment of EANR costs, and a lifeline telephone plan clearly demonstrates the Joint Board's effectiveness in developing national telecommunications policy. Similar cooperation is expected to resolve the remaining complex areas that the Joint Board has been ordered to examine.

These areas include evaluation of current procedures for allocating Category 6 Central Office Equipment due to new technology and current market conditions; review of Category 8 Circuit Equipment as a separations manual issue; re-evaluating the status of certain past decisions and orders on NTS loop costs, the subscriber line charge, and the High Cost Fund; Lifeline mechanisms; and revision of the Uniform System of Accounts.

Certain matters of mutual State and Federal concern either have insignificant impact on separations or require a narrowly targeted effort. Accordingly, new Joint Boards were established in 1985 to: 1) determine interstate and intrastate usage of Feature Group (FG) A or B minutes of use for computation of access charges (Docket 84-124); and 2) make recommendations concerning Alaska rate integration (83-1376). A Joint Board will soon be established to conform the Separations manual to the new uniform system of accounts.

2. FG A and B Minutes of Use Joint Board (Docket 84-124)

On April 19, 1985, the FCC adopted an order establishing a Federal-State Joint Board on Determination of Interstate and Intrastate Usage of Feature Group A and Feature Group B Access Service. This resulted from a Petition for Declaratory Relief by MCI Telecommunications Corporation requesting FCC preemption of State calculation of intrastate switched access usage by the other common carriers (OCCs). In its order, the FCC stated that since issues concerning the jurisdictional classification of switched access traffic are a matter of concern to both Federal and State regulators, the creation of a Federal-State Joint Board would be an appropriate means of achieving a permanent resolution to the questions raised by MCI. On October 28, 1985, the Joint Board released a notice requesting comments concerning the measurement of OCCs' usage of Feature Group A and B switched access service. The comments have been analyzed and a recommended order is pending.

3. Alaskan Rate Integration Joint Board (Docket No. 83-1376)

On September 17, 1985, a new Joint Board was established to analyze the compatibility of current rate integration policies and competition in the provision of telecommunications service between Alaska and the contiguous States. Alaska is the only State whose rates for telecommunications services are not integrated with those of the lower forty-nine States. The Alaska Joint Board is expected to analyze economic and social policy data resulting from a data request to be released later this month. This Joint Board intends to conduct field hearings in several bush communities during the summer of 1986 to assure the inclusion of diverse input into its decision-making process on this complex issue.

4. USOA Joint Board

On January 29, 1986, FCC Chairman Mark Fowler announced by correspondence to NARUC President George H. Barbour of New Jersey, a proposed Federal-State Joint Board to recommend Separation Manual changes for the FCC uniform system of accounts (USOA) for telephone companies. On February 6, 1986, the NARUC nominated the following State commissioners to serve on the USOA Joint Board: George H. Barbour, New Jersey; E. Bruce Hagen, North Dakota; John R. Marks, III, of Florida; and Sharon L. Nelson of Florida. FCC approval of the State commissioners is pending until the Joint Board is formally convened. The NARUC and FCC are in the preliminary stages of carefully developing an initial data request. All agree that the USOA Joint Board will require the expenditure of vast amounts of time and resources. It is likely that several meetings between State and Federal Joint Board members and Staff will be required during the year to clarify issues that are expected to be highly technical and complex. Conformance of the Separations Manual to the new USOA will inevitably affect the cost of basic telephone service as decisions regarding appropriate jurisdictional separations are made. Accordingly, adequate travel funding for all State Joint Board members and staff is crucial to assure meaningful input into this matter.

The Joint Board will continue to play an active role in future telecommunications policy decisions. Since the issues assigned to the Boards are of a national scope, their efforts require a significant amount of travel by the State members and their staff to Washington, D.C. and by all Joint Board members and their staff to other parts of the country.

Defraying the Travel Expenses of the State Members of the Federal State Joint Board

Due to the significantly expanded role the Joint Board will undertake in the future, the NARUC respectfully requests that at a minimum the $100,000 requested by the Administration be appropriated for FY 1987 to defray the travel expenses of the four State members of the Joint Board and their staff. Indeed, the State contribution well exceeds the $100,000 in terms of the State-paid compensation to the seventeen State participants in the work of the Joint Board.

In the past, Congress has recognized that the participating State Joint Board members and their staff render a national service when a Joint Board is convened. In 1982 legislation involving telecommunications competition and deregulation contemplated the establishment of a Joint Board to examine crucial telecommunications issues. Thus, Section 222 of S.898 provided for the establishment of a Federal-State Joint Board to ascertain jurisdictional cost separations for the computation of access charges and for the employment of staff and payment of travel expenses for the four State Board members. Similarly, the transitional and interexchange Joint Boards in H.R. 5158, Section 274(i)(3), were authorized to appoint and fix the pay of staff personnel. Moreover, in 1983, the universal telephone service preservation legislation introduced in the House and Senate (H.R. 4102 and S.1660) envisioned the Joint Board as a permanent entity to administer a universal service fund for the maintenance of universal telephone service at affordable rates. Although the above-described legislation was never enacted by Congress, the contemplated role in each bill of a Federal-State Joint Board clearly demonstrates Congressional recognition of the significant contribution made by State regulators to the development of national telecommunications policy. State involvement is essential to determining crucial telecommunications issues, since State officials are uniquely situated to assess the needs of their consumers and to balance any competing interests. Moreover, the Federal government benefits in convening Joint Boards by acquiring the benefit of State expertise, conserving the use of Federal officials and strengthening Federal-State cooperation. It would be inappropriate for a few State commissions with limited travel budgets to bear the travel, food and lodging expenses of the cooperating commissioners when the service these officials and the staff provide is of national benefit.

Section 410(a) of the Communications Act provides the necessary authorization for the appropriation of these funds. The NARUC urges the Subcommittee to support the allocation of the necessary funds.

Conclusion

At a time when the telecommunications industry is undergoing a dramatic transformation it is imperative that Federal and State regulatory bodies continue to work together to implement the impending changes and ensure a smooth transition without disruption in services to the public. In order to maintain effective State participation in these efforts, we respectfully urge your support for an appropriation to defray the expenses of the State commission and staff members of the Federal-State Joint Board.

Thank you for your time and attention.

APPENDIX A

State Members
Federal-State Joint Board to Consider Changes in the Separations Manual, Federal Communications Commission (FCC CC Docket No. 80-286)

Edward P. Larkin, Commissioner
New York Public Service Commission New York, New York

Edward B. Hipp, Commissioner
North Carolina Utilities Commission
Raleigh, North Carolina

Edward F. Burke, Chairman
Rhode Island Public Utilities Commission
Providence, Rhode Island

Marvin R. Weatherly, Commissioner Alaska Public Utilities Commission
Anchorage, Alaska

State Members
Staff Committee for the Federal-State Joint Board

Ronald Choura, Chairman
Michigan Public Service Commission
Lansing, Michigan

Guy E. Twombly
Maine Public Utilities Commission
Augusta, Maine

Paul Popenoe
California Public Utilities Commission
San Francisco, California

Hugh L. Gerringer
North Carolina Utilities Commission
Raleigh, North Carolina

Rowland Curry
Texas Public Utility Commission
Austin, Texas

Heikki Leesmont
New Jersey Board of Public Utilities
Newark, New Jersey

Gary A. Evenson
Wisconsin Public Service Commission
Madison, Wisconsin

Allen Bausback
New York Public Service Commission
Albany, New York

Timothy J. Devlin
Florida Public Service Commission
Tallahassee, Florida

Jim Lanni
Rhode Island Public Utilities Commission
Providence, Rhode Island

Elton Calder
Georgia Service Commission
Atlanta, Georgia

Karen Lee Hochstein
Director of Congressional Relations
National Association of Regulatory Utility Commissioners
Washington, D.C.

APPENDIX B

State Members
Federal-State Joint Board on Determination of Interstate and Intrastate Usage of Feature Group and Feature Group B Access Service
(FCC CC Docket No. 85-124)

George H. Barbour,
Commissioner
New Jersey Board of
Public Utilities
Newark, New Jersey

Edward B. Hipp,
Commissioner
North Carolina Utilities
Commission
Raleigh, North Carolina

V. Louise McCarren,
Chairman
Vermont Public Service
Board
Montpelier, Vermont

Marvin R. Weatherly,
Commissioner
Alaska Public Utilities
Commission
Anchorage, Alaska

State Members
Staff Committee for the Federal-State Joint Board

Ronald Choura, Chairman
Michigan Public Service
Commission
Lansing, Michigan

Guy E. Twombly
Maine Public Utilities
Commission
Augusta, Maine

Paul Popenoe
California Public Utilities
Commission
San Francisco, California

Hugh L. Gerringer
North Carolina Utilities
Commission
Raleigh, North Carolina

Rowland Curry
Texas Public Utility
Commission
Austin, Texas

Heikki Leesmont
New Jersey Board
of Public Utilities
Newark, New Jersey

Gary A. Evenson
Wisconsin Public Service
Commission
Madison, Wisconsin

Jim Lanni
Rhode Island Public Utilities
Commission
Providence, Rhode Island

Elton Calder
Georgia Service Commission
Atlanta, Georgia

Michael Dworkin
Vermont Public Service
Commission
Montpelier, Vermont

Karen Lee Hochstein
Director of Congressional
Relations
National Association of Regulatory
Utility Commissioners
Washington, D.C.

Mr. SMITH. We will take all of that into consideration. Thank you.

Mr. RODGERS. Thank you, sir.

TUESDAY, APRIL 8, 1986.

NOAA PROPOSALS AND THE NATIONAL MARINE FISHERIES SERVICE

WITNESSES

JAMES McCALLUM, ATLANTIC, GULF, AND PACIFIC FISHERIES COMMISSIONS

GORDON ROBERTSON, INTERNATIONAL FISH AND WILDLIFE

RUDY ROSEN, NATIONAL WILDLIFE FEDERATION

Mr. SMITH. Next we have a panel of James McCallum, Gordon Robertson and Rudy Rosen. This is a panel on NOAA proposals.

Mr. McCALLUM. Good morning, Mr. Chairman, and members of the committee. We are here this morning on behalf of three organizations that represent all the coastal states and several conservation organizations that have a nationwide membership. We will each make recommendations for funding for programs of NOAA and the National Marine Fisheries Service. This year, as in recent years, the Department of Commerce has proposed a 40 percent reduction in the budget for the National Marine Fisheries Service, a reduction that is disproportionately larger than other agencies within the Department of Commerce and much larger reduction than other departments have proposed for their resource management agencies, such as the Department of the Interior's Fish and Wildlife Service. The proposed reduction, if adopted, would destroy the agency's ability to properly manage the nation's marine fisheries. We appeal to you today to once again provide adequate funding for the National Marine Fisheries Service to continue to adequately fulfill its statutory responsibilities.

Mr. Chairman, this morning I will emphasize one aspect of national fishery policy that is of absolute highest priority to our member states—the management of interjurisdictional fisheries. These fisheries, which include salmon, New England groundfish, striped bass, and many other important fisheries, range widely through many state and federal jurisdictions. They provide economic benefits coastwide and to the nation at large. Because of the nature of the species and the fisheries, they require cooperative, and truly coordinated management by all involved jurisdictions, including the Federal Government's fisheries agencies and the states.

During this decade we have seen the gradual evolution of an effective state/federal partnership to manage these coastal and anadromous species—management in a broad sense that includes planning, regulation, research, monitoring, data collection and analysis, enforcement, and habitat protection.

Two specific priority programs are critically important to this evolving interjurisdictional management system—these are the Commercial Fisheries Research and Development Act and the Anadromous Fish Conservation Act. The Administration has once again proposed to provide no funding for the federal share of these long established cost sharing programs.

The Anadromous Fish Conservation Act and the Commercial Fisheries Research and Development Act programs are cost sharing programs that provide matching grants to the states to carry out research and management projects. These projects collect fishery statistics and other information that provide the basic foundation for the continuing coastwide management of our most valuable fisheries and for decisions that affect the entire fishing industry. They cannot be interrupted without causing major loss. The states themselves invest considerable state funds and expertise to these programs on a matching basis but they cannot fund the entire cost of conserving and managing these resources.

The two grants programs provide benefits to the nation as a whole. They are also necessary to enable the Federal Government to fulfill its responsibilities for the management of fisheries that are under federal management plans. The grants make it possible for the Federal Government to meet its objectives at a lower cost than if the Federal Government carried them out without the states' participation. A major reduction in the federal contribution to these cooperative cost sharing programs would simply destroy the system, and would result in a considerable loss to the national economy.

In short, Mr. Chairman, we recommend that the two grant programs be funded at the FY 85 levels of $4.5 million and $3.5 million respectively. The anadromous program funding should again include $500,000 to continue research and studies that are underway to investigate and reverse the recent dramatic decline of economically important stocks of the Atlantic striped bass.

The next category of concern is funding for the eight regional fishery management councils that are responsible for managing the nation's fisheries in the federal 3-200 mile zone. Each coastal state is a voting member of these councils and we place a high value on the councils as the forum for cooperating with one another—the Federal Government, industry and conservation and other groups—to carry out interjurisdictional fishery management. Council activities are suffering a severe impact from years of level funding despite rising costs. We recommend that funding for the eight regional councils be increased slightly from $7.2 to a total of $8.0 million for fiscal year 1987 to ameliorate the cumulative impact of recent years of inflation.

I would like to draw your attention for a moment, Mr. Chairman, to language in your appropriations bill for the current fiscal year that directs the National Marine Fisheries Service to provide $350,000 to develop fishery management plans for species of priority interest. The National Marine Fisheries Service to date has not provided any new funding for these plan development activities. In fact, National Marine Fisheries Service has notified us that it will no longer provide even the small level of end of year funds that has made possible our interstate planning for more than a dozen interjurisdictional Atlantic Coast species.

Without these funds, cooperative management planning for these important species from Main to Florida will largely cease. We encourage you to include similar but more specific language in your bill that will more strongly encourage the National Marine Fisheries Service to continue its contribution to the Commission's interjurisdictional fishery management planning program.

Mr. Chairman, there are also a number of programs within National Marine Fisheries Service with important interjurisdictional aspects that I will provide detail on for the record. Briefly these are:

1. The southeastern area monitoring and assessment program, which collects and make available data and information through state, university and federal cooperation. This new program has been highly successful and we recommend level funding at $1 million.
2. MARFIN, the Marine Fisheries Initiative, which is a broad research and development program in the Gulf of Mexico, to take fuller advantage of the underutilized resources in that region. We recommend level funding at $2.85 million.
3. Continued federal support for the Columbia River mitigation hatcheries, Pacific Salmon Treaty, and West Coast groundfish research.
4. The broad range of resource information analysis and dissemination activities that support the management objectives of the Magnuson Fishery Conservation and Management Act.

In conclusion, Mr. Chairman, the fishery resources of this country are common property resources that contribute more than $15 billion to the economy annually and provide some 600,000 jobs. They must be managed on a continuing basis, and it is the responsibility of the states and the Federal Government to do so. The states want to continue to do their part, but the Federal Government must fulfill its responsibilities as well.

Mr. Chairman, thank you for this opportunity to present our views on funding for the nation's marine and anadromous fisheries programs.

[The statement of Mr. McCallum follows:]

GOOD MORNING MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE. WE ARE HERE THIS MORNING ON BEHALF OF THREE ORGANIZATIONS THAT REPRESENT ALL THE COASTAL STATES AND SEVERAL CONSERVATION ORGANIZATIONS THAT HAVE A NATIONWIDE MEMBERSHIP. WE WILL EACH MAKE RECOMMENDATIONS FOR FUNDING FOR PROGRAMS OF NOAA AND THE NATIONAL MARINE FISHERIES SERVICE (NMFS). THIS YEAR, AS IN RECENT YEARS, THE DEPARTMENT OF COMMERCE HAS PROPOSED A 40% REDUCTION IN THE BUDGET FOR THE NMFS -- A REDUCTION THAT IS DISPROPORTIONATELY LARGER THAN OTHER AGENCIES WITHIN THE DOC AND A MUCH LARGER REDUCTION THAN OTHER DEPARTMENTS HAVE PROPOSED FOR THEIR RESOURCE MANAGEMENT AGENCIES, SUCH AS THE DEPARTMENT OF INTERIOR'S FISH AND WILDLIFE SERVICE. THE PROPOSED REDUCTION, IF ADOPTED, WOULD DESTROY THE AGENCY'S ABILITY TO PROPERLY MANAGE THE NATION'S MARINE FISHERIES. WE APPEAL TO YOU TODAY TO ONCE AGAIN PROVIDE ADEQUATE FUNDING FOR THE NMFS TO CONTINUE TO ADEQUATELY FULFILL ITS STATUTORY RESPONSIBILITIES.

THE THREE OF US WILL IN TURN BRIEFLY DISCUSS NMFS PROGRAMS OF PARTICULAR CONCERN TO OUR INDIVIDUAL ORGANIZATIONS.

MY NAME IS JIM MCCALLUM. I SPEAK TODAY FOR THE THREE INTERSTATE MARINE FISHERIES COMMISSIONS -- PACIFIC, GULF, AND ATLANTIC -- WHOSE MEMBERSHIPS INCLUDE ALL OF THE COASTAL STATES.

MR. CHAIRMAN, THIS MORNING I WILL EMPHASIZE ONE ASPECT OF NATIONAL FISHERY POLICY THAT IS OF ABSOLUTE HIGHEST PRIORITY TO OUR MEMBER STATES -- THE MANAGEMENT OF INTERJURISDICTIONAL FISHERIES. THESE FISHERIES, WHICH INCLUDE SALMON, NEW ENGLAND

GROUNDFISH, STRIPED BASS, AND MANY OTHER IMPORTANT FISHERIES, RANGE WIDELY THROUGH MANY STATE AND FEDERAL JURISDICTIONS. THEY PROVIDE ECONOMIC BENEFITS COASTWIDE AND TO THE NATION AT LARGE. BECAUSE OF THE NATURE OF THE SPECIES AND THE FISHERIES, THEY REQUIRE COOPERATIVE, AND TRULY COORDINATED MANAGEMENT BY ALL INVOLVED JURISDICTIONS, INCLUDING THE FEDERAL GOVERNMENT'S FISHERIES AGENCIES AND THE STATES.

DURING THIS DECADE WE HAVE SEEN THE GRADUAL EVOLUTION OF AN EFFECTIVE STATE/FEDERAL PARTNERSHIP TO MANAGE THESE COASTAL AND ANADROMOUS SPECIES -- MANAGEMENT IN A BROAD SENSE THAT INCLUDES PLANNING, REGULATION, RESEARCH, MONITORING, DATA COLLECTION AND ANALYSIS, ENFORCEMENT, AND HABITAT PROTECTION.

TWO SPECIFIC PRIORITY PROGRAMS ARE CRITICALLY IMPORTANT TO THIS EVOLVING INTERJURISDICTIONAL MANAGEMENT SYSTEM -- THESE ARE THE COMMERCIAL FISHERIES RESEARCH AND DEVELOPMENT ACT (PL 88-309), AND THE ANADROMOUS FISH CONSERVATION ACT (PL 88-304). THE ADMINISTRATION HAS ONCE AGAIN PROPOSED TO PROVIDE NO FUNDING FOR THE FEDERAL SHARE OF THESE LONG ESTABLISHED COST-SHARING PROGRAMS.

THE ANADROMOUS FISH CONSERVATION ACT AND THE COMMERCIAL FISHERIES RESEARCH AND DEVELOPMENT ACT PROGRAMS ARE COST-SHARING PROGRAMS THAT PROVIDE MATCHING GRANTS TO THE STATES TO CARRY OUT RESEARCH AND MANAGEMENT PROJECTS. THESE PROJECTS COLLECT FISHERY STATISTICS AND OTHER INFORMATION THAT PROVIDE THE BASIC FOUNDATION FOR THE CONTINUING COASTWIDE MANAGEMENT OF OUR MOST VALUABLE FISHERIES AND FOR DECISIONS THAT AFFECT THE ENTIRE FISHING

INDUSTRY -- THEY CANNOT BE INTERRUPTED WITHOUT CAUSING MAJOR LOSS. THE STATES THEMSELVES INVEST CONSIDERABLE STATE FUNDS AND EXPERTISE TO THESE PROGRAMS ON A MATCHING BASIS BUT THEY CANNOT FUND THE ENTIRE COST OF CONSERVING AND MANAGING THESE RESOURCES. THE TWO GRANTS PROGRAMS PROVIDE BENEFITS TO THE NATION AS A WHOLE. THEY ARE ALSO NECESSARY TO ENABLE THE FEDERAL GOVERNMENT TO FULFILL ITS RESPONSIBILITIES FOR THE MANAGEMENT OF FISHERIES THAT ARE UNDER FEDERAL MANAGEMENT PLANS. THE GRANTS MAKE IT POSSIBLE FOR THE FEDERAL GOVERNMENT TO MEET ITS OBJECTIVES AT A LOWER COST THAN IF THE FEDERAL GOVERNMENT CARRIED THEM OUT WITHOUT THE STATES' PARTICIPATION. A MAJOR REDUCTION IN THE FEDERAL CONTRIBUTION TO THESE COOPERATIVE COST SHARING PROGRAMS WOULD SIMPLY DESTROY THE SYSTEM, AND WOULD RESULT IN A CONSIDERABLE LOSS TO THE NATIONAL ECONOMY.

IN SHORT, MR. CHAIRMAN, WE RECOMMEND THAT THE TWO GRANT PROGRAMS BE FUNDED AT THE FISCAL YEAR 1985 LEVELS OF $4.5 MILLION AND $3.5 MILLION RESPECTIVELY. THE ANADROMOUS PROGRAM FUNDING SHOULD AGAIN INCLUDE $500,000 TO CONTINUE RESEARCH AND STUDIES THAT ARE UNDERWAY TO INVESTIGATE AND REVERSE THE RECENT DRAMATIC DECLINE OF ECONOMICALLY IMPORTANT STOCKS OF THE ATLANTIC STRIPED BASS.

THE NEXT MAJOR CATEGORY OF CONCERN IS FUNDING FOR THE EIGHT REGIONAL FISHERY MANAGEMENT COUNCILS THAT ARE RESPONSIBLE FOR MANAGING THE NATION'S FISHERIES IN THE FEDERAL 3-200 MILE ZONE. EACH COASTAL STATE IS A VOTING MEMBER OF THESE COUNCILS AND WE PLACE A HIGH VALUE ON THE COUNCILS AS THE FORUM FOR COOPERATING

WITH ONE ANOTHER, THE FEDERAL GOVERNMENT, INDUSTRY, AND CONSERVATION AND OTHER GROUPS TO CARRY OUT INTERJURISDICTIONAL FISHERY MANAGEMENT. COUNCIL ACTIVITIES ARE SUFFERING A SEVERE IMPACT FROM YEARS OF LEVEL FUNDING DESPITE RISING COSTS. WE RECOMMEND THAT FUNDING FOR THE EIGHT REGIONAL COUNCILS BE INCREASED SLIGHTLY FROM $7.2 TO A TOTAL OF $8.0 MILLION FOR FISCAL YEAR 1987 TO AMELIORATE THE CUMULATIVE IMPACT OF RECENT YEARS OF INFLATION.

I'D LIKE TO DRAW YOUR ATTENTION FOR A MOMENT, MR. CHAIRMAN, TO LANGUAGE IN YOUR APPROPRIATIONS BILL FOR THE CURRENT FISCAL YEAR THAT DIRECTS THE NATIONAL MARINE FISHERIES SERVICE TO PROVIDE $350,000 TO DEVELOP FISHERY MANAGEMENT PLANS FOR SPECIES OF PRIORITY INTEREST. THE NMFS TO DATE HAS NOT PROVIDED ANY NEW FUNDING FOR THESE PLAN DEVELOPMENT ACTIVITIES. IN FACT, NMFS HAS NOTIFIED US THAT IT WILL NO LONGER PROVIDE EVEN THE SMALL LEVEL OF END-OF-YEAR FUNDS THAT HAS MADE POSSIBLE OUR INTERSTATE PLANNING FOR MORE THAN A DOZEN INTERJURISDICTIONAL ATLANTIC COAST SPECIES. WITHOUT THESE FUNDS, COOPERATIVE MANAGEMENT PLANNING FOR THESE IMPORTANT SPECIES FROM MAINE TO FLORIDA WILL LARGELY CEASE. WE ENCOURAGE YOU TO INCLUDE SIMILAR BUT MORE SPECIFIC LANGUAGE IN YOUR BILL THAT WILL MORE STRONGLY ENCOURAGE THE NMFS TO CONTINUE ITS CONTRIBUTION TO THE COMMISSION'S INTERJURISDICTIONAL FISHERY MANAGEMENT PLANNING PROGRAM.

MR. CHAIRMAN, THERE ARE ALSO A NUMBER OF PROGRAMS WITHIN NMFS WITH IMPORTANT INTERJURISDICTIONAL ASPECTS THAT I WILL PROVIDE DETAIL ON FOR THE RECORD. BRIEFLY, THESE ARE:

1. THE SOUTHEASTERN AREA MONITORING AND ASSESSMENT PROGRAM, WHICH COLLECTS AND MAKES AVAILABLE DATA AND INFORMATION THROUGH STATE, UNIVERSITY, AND FEDERAL COOPERATION. THIS NEW PROGRAM HAS BEEN HIGHLY SUCCESSFUL AND WE RECOMMEND LEVEL FUNDING AT $1.0 MILLION.

2. MARFIN, THE MARINE FISHERIES INITIATIVE, WHICH IS A BROAD RESEARCH AND DEVELOPMENT PROGRAM IN THE GULF OF MIXICO, TO TAKE FULLER ADVANTAGE OF THE UNDERUTILIZED RESOURCES IN THAT REGION. WE RECOMMEND LEVEL FUNDING AT $2.85 MILLION.

3. CONTINUED FEDERAL SUPPORT FOR THE COLUMBIA RIVER MITIGATION HATCHERIES, PACIFIC SALMON TREATY, AND WEST COAST GROUNDFISH RESEARCH; AND

4. THE BROAD RANGE OF RESROUCE INFORMATION ANALYSIS AND DISSEMINATION ACTIVITIES THAT SUPPORT THE MANAGEMENT OBJECTIVES OF THE MAGNUSON FISHERY CONSERVATION AND MANAGEMENT ACT.

IN CONCLUSION, MR. CHAIRMAN, THE FISHERY RESOURCES OF THIS COUNTRY ARE COMMON PROPERTY RESOURCES THAT CONTRIBUTE MORE THAN $15 BILLION TO THE ECONOMY ANNUALLY AND PROVIDE SOME 600,000 JOBS. THEY MUST BE MANAGED ON A CONTINUING BASIS, AND IT IS THE RESPONSIBILITY OF THE STATES AND THE FEDERAL GOVERNMENT TO DO SO. THE STATES WANT TO CONTINUE TO DO THEIR PART, BUT THE FEDERAL GOVERNMENT MUST FULFILL ITS RESPONSIBILITIES AS WELL.

MR. CHAIRMAN, THANK YOU FOR THIS OPPORTUNITY TO PRESENT OUR VIEWS ON FUNDING FOR THE NATION'S MARINE AND ANADROMOUS FISHERIES PROGRAMS.

Mr. SMITH. Mr. Robertson.

Mr. ROBERTSON. Thank you, Mr. Chairman.

My name is Gordon C. Robertson, Legislative Counsel for the International Association of Fish and Wildlife Agencies. My summary comments will focus on the budget proposals for the resource information, information analysis and dissemination and statistics programs for the National Marine Fisheries Service. A full copy of the association's comments have been submitted for the record.

The International recommends that the resource information activity be funded at the FY 86 level. The fiscal year 1987 budget proposal reduces the resource information activity from $69.4 million to $42.8 million, a decrease of $26.6 million. The data produced by the resource information activities provide the basic understanding of the ecological processes needed for developing biologically sound management strategies while protecting living marine resources.

Many of these activities mandated by Congress, such as the Marine Mammals Protection Act, Endangered Species Act and U.S.-Canada Pacific Salmon Treaty, are dependent on adequate funding from the resource information area. This includes such diverse information as:

a national marine recreational fishery statistics survey to support management and resource allocation decisions;

stock assessments to determine resource abundance trends;

information on mortality and growth rates, age structure distribution and migration data;

research on protected species;

prediction of fishery yields;

disease research;

and the effects of dams, power plans, effluents, dumping, and dredging on fish, marine mammals and endangered marine animals.

The International Association recommends that the information analysis and dissemination activity be funded at the 1986 level of $17.6 million. The 1986 budget proposal reduces funding for this activity by $974,000. The activity makes available to the eight regional fishery management councils, state management agencies, industry and other areas of National Oceanic and Atmospheric Administration the data collected by the resource information activity. In addition, further analysis and examination of interrelationships of data occurs under this activity. The International Association considers this statistical support paramount to the fishery management councils, the states and industry. The work of the fishery management councils is highly dependent on the accurate and timely statistics and stock assessment estimates provided by this activity.

Finally, the International Association notes that the Administration's proposed budget would make the marine recreational fisheries statistics program dependent on commercial landings alone. Many fishery management plans cover fisheries with major recreational as well as commercial components. Such fisheries cannot be managed on commercial landings data alone. The recreational estimates are the only recreational data available to the National Marine Fisheries Service and the fishery management councils.

Until better approaches are developed and implemented, this program must be retained.

Thank you, Mr. Chairman.

Mr. SMITH. Thank you.

[The statement of Mr. Robertson follows:]

International Association of Fish and Wildlife Agencies

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Jack H. Berryman, Executive Vice President

Comments of the International Association of Fish and Wildlife Agencies on the Proposed FY 1987 Budget of the National Marine Fisheries Service Before the House Appropriations Subcommittee on Commerce Service, Justice, State and Judiciary

by
Gordon C. Robertson, Legislative Counsel

The International Association of Fish and Wildlife Agencies (IAFWA) is a quasi-governmental organization of public agencies which possess legal authority for protection and management of North America's fish and wildlife and their habitats. Founded in 1902, the Association's government members include the fish and wildlife agencies of all 50 states and most Canadian provinces, as well as the federal fish and wildlife agencies of the United States, Canada and Mexico. The Association has been a key instrumentality in promoting principles of sound resource management and in strengthening federal, state and private cooperation in protecting and managing fish and wildlife in the public interest.

The National Marine Fisheries Service (NMFS) FY 1987 budget for operations, research and facilities of $96.7 million represents a 40 percent reduction from the FY 1986 budget appropriation of $162.1 million. This reduction also represents a personnel cut of 17 percent for the agency.

This is the fifth year that the NMFS has had deep budget cuts proposed. In each of the past 4 years the Congress has restored the NMFS budget. We ask again, that this Subcommittee restore the NMFS budget to at least the FY 1986 level. The proposed reduction will jeopardize the ability of NMFS to properly manage the Nation's living marine resources as Congress has directed. The FY 1987 budget for NMFS shows a substantially larger reduction than other federal renewable resource management agencies and the largest cut within the Department of Commerce and National Oceanic and Atmospheric Administration. The state members of this Association believe the magnitude of the cuts are not justified.

The IAFWA believes that the highest priority functions of NMFS are research, data collection and management of interjurisdictional fishery resources. These functions are necessary if the United States is to prudently manage and conserve its marine fishery resources for both commercial and recreational fishermen. These resources contribute billions of dollars each year to this Nation's economy. The NMFS has been given statutory and treaty authority to collect and provide the scientific and technical informational needed for the wise use of living marine resources. It is the basis for the management decisions that support the growth and stability of the U.S. recreational and commercial fishing industries. In this regard, the IAFWA strongly opposes the 39 percent cut proposed for the Resource Information line item, termination of the State research grant programs and the 49 percent cut in Conservation and Management programs.

Mr. Chairman, this Association realizes that this is a difficult budget year, but we urge the following reductions in the NMFS budget be restored as recommended.

Grants to states through the Commercial Fisheries Research and Development Act (PL 88-309) be restored to the 1986 level of $4.5 million. The majority of projects conducted under this title support high priority interjurisdictional fisheries management planning in support of Regional Councils and/or interstate management plans and the collection of indispensible commercial fisheries statistics. These grants are the heart of federal-state relationships for the marine fishery management. They provide for commercial fishery statistics systems, assess offshore commercial fisheries resources and provide inventories of important estuaries.

Grants to states through the Anadromous Fish Conservation Act (PL 89-304) be restored to the the 1986 level of $3.0 million, including $0.5 million for the Emergency Striped Bass Study. The funding of Anadromous Fish Grants is essential to continue annual monitoring and research on extremely valuable salmonid, striped bass, American shad and related river herring fisheries for which federal and state (interjurisdictional) conservation and management are basic to resource restoration and enhancement. Continual finding of the Emergency Striped Bass Program on the Atlantic Coast is essential to the completion of studies under way to reverse the precipitious decline of this economically important species. Funding from this act is important for the continued successful restoration of salmonid to northeastern and northwestern rivers.

The budget for the operation of the Regional Fishery Management Councils (established by PL 94-265) be restored to the 1986 level of $7.2 million. If domestic commercial and recreational fisheries are to enjoy continued growth the role of Fishery Management Councils must continue as prescribed in the Fishery Conservation and Management Act. If the proposed budget reduction is maintained the Councils will be rendered inoperative.

The Association recommends maintenance of an $8-10 million Saltonstall-Kennedy grant program. The Administration's budget proposes to use the total Saltonstall-Kennedy funds ($46 million) to offset the operation, research and facilities account. This would eliminate grants to industry. This grant program addresses and encourages high priority industry research and development needs and generated industry matching monies.

The Association strongly opposes termination of Federal support for the Columbia River mitigation hatcheries. An adequate alternative funding mechanism has not been implemented and stopping hatchery production from 24 salmon hatcheries will jeopardize major fisheries and be counter to U.S./Canada Pacific Salmon Treaty Commitments.

NMFS habitat reserch and conservation programs should be restored to 1986 levels--$14.9 million and $5.3 million respectively. The Administrtion's FY 1987 budget proposal offers a crippling $8.7 and $2.3 million reduction for these areas. Productive habitat is absolutely essential. Habitat research, environmental management activities, habitat conservation analyses, associated mitigation work and a high level of cooperation with the U.S. Army Corps of Engineers and other agencies must be a high priority if restoration attempts are to be successful. The NMFS Habitat Policy initiatives and responsibilities should be sustained by the budget.

That the Resource Information activity be funded at the FY 1986 level. The FY 1987 budget proposal reduces the Resource Information activity from $69.4 million to $42.8 million, a decrease of $26.6 million. The data produced by the Resource Information activities provide for the understanding of ecological processes needed for developing biologically sound management strategies while protecting the marine resources. Many of these activities mandated by Congress (such as the Marine Mammals Protection Act, Endangered Species Act and U.S.-Canada Pacific Salmon Treaty) are dependent on adequate funding from the Resource Information area. This includes such diverse information as: a national marine recreational fishery statistics survey to support management and resource allocation decisions; stock assessements to determine resource abundance trends; information on mortality and growth rates, age structure distribution and migration of living marine resources; research on protected species; prediction of fishery yields; disease research; and the effects of dams, power plants, efflunts, dumping and dredging on fish, marine mammals and endangered marine animals. The IAFWA is especially concerned with the planned closure of the following important NMFS research facilities: Gloucester, MA; Oxford, MD; Bay St. Louie, MS; Galveston, TX; and Tiburon, CA. Virtually all NMFS fishery disease and pathology research is concentrated at the Oxford Laboratory.

That the Information Analysis and Dissemination Activity be funded at the 1986 level of $17.6 million. The 1987 budget proposal reduces funding for this by $974,000. This activity makes available to the 8 Regional Fishery Management Councils, state management agencies, industry and other areas of NOAA the data collected by the Resource Information activity. In addition, further analysis and examination of interrelationships of data occurs under this activity. The Association considers this statistical support paramount to the Fishery Management Councils, the states and industry. The work of the Fishery Management Councils is highly dependent on accurate and timely statistics and stock assessment estimates.

Finally, the International Association notes that the Administration's proposed budget would make the Marine Recreational Fisheries Statistics Program dependent on commercial landings alone. Many fisheries management plans cover fisheries with major recreational as well as commercial components. Such fisheries cannot be managed on commercial landings data alone. The recreational estimates are the only recreational data available to the NMFS and the Fishery Management Councils. Until better approaches are developed and implemented this program must be retained.

April 8, 1986

Mr. **Smith**. Mr. Rosen.

Mr. **Rosen**. Mr. Chairman, my name in Rudolph Rosen, and I am a fisheries specialist for the National Wildlife Federation. Thank you for this opportunity to discuss the fiscal year 1987 budget of the National Marine Fisheries Service.

The National Wildlife Federation is appalled by the Administration's intent to slash 40 percent from the National Marine Fisheries Service budget. Our deepest concern is over the continued integrity of the agency.

In the past four years, National Wildlife Federation has appeared before the committee and protested identical Administration initiated proposals to reduce National Marine Fisheries Service programs. This year again, we come before you with a similar request.

However, we are aware of added concern among U.S. citizens and in the Congress to reduce federal spending. Thus, we have concentrated our remarks on key programs of overwhelming national significance and point out an avenue to provide alternate funding for one important National Marine Fisheries Service program.

Nonetheless, we remain convinced that National Marine Fisheries Service programs are minor in terms of budget impact, but major in terms of the economic well being of the nation. Programs that address basic stewardship responsibilities of National Marine Fisheries Service must not be compromised in a frantic effort simply to shave comparably minuscule amounts from the budget.

Our specific requests for National Marine Fisheries Service funding are listed on the last two pages of our comments.

I will discuss several programs of overwhelming significance to our members.

The habitat research program is among the most important programs conducted by the National Marine Fisheries Service. Our near and offshore fisheries depend directly on quality and quantity of habitat. So much so that U.S. fisheries cannot be developed in a sound manner without first maintaining and enhancing fishery habitat.

However, in spite of past losses of fisheries, directly attributable in part to habitat degradation, the Administration proposes to cut in half both funding and personnel in the habitat research program. These decreases, if allowed, would virtually eliminate the program.

The National Wildlife Federation recommends that all funds—$5.133 million—be restored to the habitat research program.

The habitat evaluation methodology program, which would be ended by the 100 percent cut in funding of $1 million proposed, provides high priority research to address those habitat issues of greatest concern to National Marine Fisheries Service.

Researchers hoe to establish the functional importance of wetland habitats to fishery resources and to develop predictive models to assess the effects of large scale wetland loss on important estuarine dependent species. Such work will be of benefit to National Marine Fisheries Service's regional habitat program biologists and coastal planners throughout the U.S.

The National Wildlife Federation recommends that $1 million be restored to the habitat methodology program.

For the habitat conservation program, the proposed fiscal year 1987 budget would reduce funding by 43 percent. Habitat conservation efforts are directed at fulfilling National Marine Fisheries Service consultation requirements for review of environmental impact statements and other environmental analysis mandated by Congress.

No other National Marine Fisheries Service program's efforts are as closely tied to providing for the continued well being of our coastal fisheries as are those of the habitat conservation program, because the success of this program establishes the bottom line on this nation's commercial and recreational fishing future.

The National Wildlife Federation recommends that $2,269 million be restored to the habitat conservation program.

Columbia River hatcheries, the Administration seeks to end National Marine Fisheries Service funding of those hatcheries administered under the Mitchell Act program. We do not opposed ending such funding but we have found the Administration's proposals for alternate funding in past years to be sorely lacking. However, legislation has been introduced in the House that would provide for some, perhaps all, of the funds needed to continue operation of the hatcheries. The proposal would place the burden of payment for fish production at the hatcheries on those who are benefiting from the federal projects that caused the fishery problem the hatcheries were built to mitigate.

We recommend that this committee lend its support to this legislation—H.R. 3167—by withholding funding for operation and maintenance of the Columbia River hatcheries, or provide interim funding only, and by seeking enactment of H.R. 3167's provisions to fund the national hatchery system.

Mr. Chairman, this completes our comments on fiscal year 1987 funding for the National Marine Fisheries Service. We hope to work with you and the committee staff in the coming months to ensure that the National Marine Fisheries Service is provided the best budget possible considering both agency responsibilities and fiscal realities.

Thank you.

[The statement of Mr. Rosen follows:]

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COMMENTS OF THE NATIONAL WILDLIFE FEDERATION
ON
THE PROPOSED FISCAL YEAR 1987 BUDGET
OF
THE NATIONAL MARINE FISHERIES SERVICE,
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
BEFORE
THE SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE,
THE JUDICIARY AND RELATED AGENCIES
OF
THE HOUSE COMMITTEE ON APPPROPRIATIONS
BY

Rudolph A. Rosen, Ph.D.
National Wildlife Federation

8 April 1986

Mr. Chairman, my name is Rudolph Rosen, and I am a fisheries specialist for the National Wildlife Federation (NWF). Thank you for this opportunity to discuss the Fiscal Year 1987 (FY 87) budget of the National Marine Fisheries Service (NMFS), of the Department of Commerce's National Oceanic and Atmospheric Administration.

The NWF is the Nation's largest not-for-profit conservation-education organization, with over 4.5 million members and supporters throughout the U.S. and in 51 affiliated state- and territory-wide organizations. Angler and commercial fishing groups are among our member organizations at the local and state level. The NWF consistently has expressed concern over funding important marine and anadromous fisheries programs and has supported the scientific management of fisheries and their habitats within our 200-mile zone of extended jurisdiction over fishery resources.

NWF Comments NMFS FY 87 Budget

The NWF is appalled by the Administration's intent to slash 40% from the NMFS budget for Operations, Research, and Facilities. Our deepest concern is over the integrity of the agency. The NMFS cannot sustain the cuts proposed without sacrificing its mission of stewardship of our Nation's living marine resources.

In the past 4 years, NWF has appeared before this committee and protested nearly identical Administration-initiated proposals to reduce NMFS programs. We have asked you to provide the agency funding greater than requested by the Administration in nearly every NMFS program. This year we come before you again with a similar request.

However, we are aware of added concern among U.S. citizens and in the Congress to reduce federal spending. This concern and national resolve to take positive actionis reflected in passage of the Gramm-Rudman-Hollings legislation and a mushrooming National debt. Thus, we concentrate our remarks on key programs of overwhelming national significance and point out an avenue to provide alternate funding for one important NMFS program.

Nonetheless, we remain convinced that NMFS programs are minor in terms of budget impact, but major in terms of the economic well-being of the Nation. Programs that address basic stewardship responsibilities of NMFS must not be compromised in a frantic effort simply to shave minuscule amounts from the budget. Programs I refer to include habitat research and conservation, fishery management (Regional Fishery Management Councils), and scientific surveys.

Our specific requests for NMFS funding are listed on the last two pages of these comments. However, there are several programs and issues of vital concern we discuss in detail below.

Habitat Research.

[Habitat research is among the most important programs conducted by the NMFS. The program addresses our nation's ability to maintain or increase production of fisheries, e.g., evaluate and mitigate the effects of wetlands loss, pollution, and other forms of environmental degradation that affect fishery production.

Our near- and offshore fisheries depend directly on quality and quantity of habitat, so much so that it is ludicrous to believe that U.S. fisheries can be developed in a sound manner without first maintaining and, where appropriate, enhanceing fishery habitat. And, in the face of massive coastal development, underway for many years and continuing, protection of habitat will require retention of the aggressive habitat research program now being conducted by NMFS.

However, in spite of past losses of fisheries, directly attributable in part to habitat degradation, the Administration proposes to cut in half both funding and personnel in the Habitat Research Program. These decreases, if allowed, would virtually eliminate the program.] As an example of the impact of the proposed budget on vital research projects in just one region, the Northeast, details are provided in a series of attachments to this testimony. Overall in the Northeast, funding cuts would impact each coastal state and laboratories in Woods Hole (MA), Milford (CT), Sandy Hook (NJ), and Oxford (MD).

The NWF recommends that all funds ($5.133 million) be restored to the Habitat Research Program.

Habitat Evaluation Methodology.

The ~~Habitat~~ Evaluation Methodology Program, which would be ended by the proposed100% cut in funding (-$1 million), provides high priority research to address, in an innovative way, those habitat issues of greatest concern to NMFS.

Researchers at the Beaufort, NC laboratory [work conducted in NC (-$200,000), TX (-$50,000), FL (-$150,000), and LA (-$200,000)] hope to establish the functional importance of wetland habitats to fishery resources and to develop predictive models to assess the effects of large-scale wetland loss on important estuarine-dependent species. Additional projects funded by this appropriation include 1) work in California (-$200,000) to establish the importance of marsh and shallow water habitats to fishery resources and as a basis for establishing restoration programs for wetlands (90% of California's historical wetlands acreage already has been lost due to diking and other causes); 2) assess the importance of Alaska's shallow water habitats to fisheries, primarily king and Dungeness crab (-$100,000); 3)determine the effects of pollution on salmon juveniles in Puget Sound, WA (-$100,000), and; 4) determine freshwater inflow needs in estuaries to retain the productive capacity of such ecosystems as nurseries for marine organisms.

These projects will be of benefit to NMFS' regional habitat program biologists and coastal planners throughout the U.S. in their efforts to conserve fishery habitat in the U.S. coastal zone.

The NWF recommends that $1 million be restored to the Habitat Methodology Program.

Habitat Conservation.

The proposed FY 87 budget would reduce funding for the Habitat Conservation Program by 43%. Habitat Conservation Program efforts are directed at fulfilling NMFS consultation requirements for review of environmental impact statements and other environmental analysis mandated by Congress in legislation such as the Fish and Wildlife Coordination Act and Clean Water Act.

No other program of NMFS is as closely tied to providing for the continued well-being of our coastal fisheries as are those of the Habitat Conservation Program. The sucess of this program establishes the bottom line on this nation's commercial and recreational fishing future.

Funding reductions proposed for the program would make it impossible to continue program activities. For example, in the Southeast in FY 1984, program biologists were responsible for providing comments on 3,600 permit applications from developers, and in the Northeast the number was 1,800. In the Southeast, over 8,000 acres of wetlands were proposed for alteration, with an average value per acre of $2,000 in fisheries production annually. That amount of wetland habitat has an annual value of $16 million. Of that total acreage, the NMFS recommended that 4,600 acres not be altered. The annual value of those acres in production of fishery products alone, $9.6 million, was greater than the total annual cost of the Habitat Conservation Program nationwide ($5.3 million).

The consequences of following the Administration's recommended budget is too great a risk to take in lost fishery production and subsequent loss in economic viability of our $6 billion commercial and recreational fisheries, simply for the sake of saving a few million dollars today.

The NWF recommends that $2.269 million be restored to the Habitat Conservation Program.

Information Analysis and Dissemination: Estuarine and Nearshore Research and Improving Predictions of Stock Abundance and Distribution.

Cuts proposed for estuarine and nearshore ecosystems analysis would contribute to a total reduction of funding for the Sandy Hook, NJ, Laboratory of 63% and a reduction for the Beaufort, NC, Laboratory of 55%. Gutting the funding of these laboratories would destroy efforts to understand the effects of nearshore contaminants on marine resources and nearshore ecological processes. Information collected for the purpose of improving predictions of stock abundance and distribution are critical to better understanding the relationship between habitat quality and fishery production.

For the NMFS function "Information Analyses and Dissemination", the NWF recommends restoring $738,000 to the Estuarine and Nearshore Research Program and restoring $236,000 to the Program for Improving Predictions of Stock Abundance and Distribution.

Additional NWF comments on NMFS habitat programs.

The Administration's proposed cuts for each program detailed above would harm internal NMFS policy planning on habitat maintenance and enhancement. On 25 November 1983, after more than 1 year of planning and public evaluation, NMFS issued a Habitat Conservation Policy which elevated habitat considerations and integrated them throughout the agency. For example, the policy encourages greater incorporation of habitat concerns in fishery management planning under the Fishery Conservation and Management Act. The policy also emphasizes that habitat research and conservation are a high priority for the agency, a point the Administration seems to have failed to recognize in providing recommendations to Congress on the FY 87 budget. The NWF recognizes that NMFS habitat programs play a pivotal role in the agency's ability to carry out its basic fishery resource stewardship responsibilities. These habitat programs cannot be sacrificed without sacrificing the mission of the entire agency.

Ocean Sportfishing License.

The Administration has proposed to institute a licensing system for anglers fishing in "coastal waters for fish managed under Federal regulation". Although we have yet to see Administration-approved implementing legislation for the proposal, the proposal itself is seriously flawed.

The NWF is a strong supporter of user fees and angler licensing as a means to fund fishery management. In addition, for decades we have advocated state licensing of saltwater fish anglers. Thus, we are not opposed to the concept of such licensing, but we are opposed to federal licensing of anglers fishing in state territorial (non federal) waters and to what appears to be an attempt to direct these "user fees" away from fisheries programs and into general funds.

Specifically, the Administration's proposal would require states to establish an angler licensing program, with the charge for each license a minimum of $10.00 of which $5.00 would be turned over to the Federal Government. Nothing in the proposal addresses dedicating either the federal or state portion of license receipts to fishery management purposes.

The NWF finds the Administration's proposed Federal "Ocean Sportfishing License" totally unacceptable and urge you to reject its further consideration.

Columbia River Programs: Availability of Alternate Funding.

The Administration seeks to end NMFS funding of the Columbia River hatcheries administered under the "Mitchell Act Program". We do not oppose termination of NMFS funding of the hatcheries, but we have found the Administration's proposals for alternate funding in past years to be sorely lacking. The proposal in the FY 87 budget provides no information to indicate the Administration's proposal for FY 87 will be better than in the past. However, legislation has been introduced in the House that would provide for some, perhaps all, of the funds needed to continue operation of the hatcheries. The proposal would place the burden of payment for fish production at the hatcheries on those who are benefiting from the federal projects that caused the fishery problem for which the Mitchell Act hatcheries were built to mitigate. The legislation, H.R. 3167, was sponsored by Representatives John Breaux and Don Young. H.R. 3167 was reported by the Subcommittee on Fisheries and Wildlife Conservation and the Environment on 19 March 1986.

Specifically, H.R. 3167 would require that, "*[t]he Federal agency responsible for a Federal project with respect to which fish have been produced to fulfill the System* [National Hatchery System created by H.R. 3167] *objective ....shall recover all production cost for the fish from the users that will benefit from the project.*"

The NWF supports the intent of H.R. 3167, that those who directly benefit from federal water development on the Columbia River Basin pay the cost of fishery restoration and maintenance.

[The NWF recommends that this committee lend its support to H.R. 3167 by withholding funding for operation and maintenance of the Columbia River hatcheries (or provide interim funding only) and by seeking enactment of H.R. 3167's provisions to fund the National Hatchery System.]

* * *

Mr. Chairman, this completes our comments on FY 87 funding for the NMFS. We hope to work with you and committee staff in the coming months to ensure that the NMFS is provided the best budget possible considering both agency responsibilities and fiscal realities. Thank you.

NWF Comments NMFS FY 87 Budget

Summary of National Wildlife Federation Recommendations on the Fiscal Year 1987 budget of the National Marine Fisheries Service

Program	NWF recommended additions to Administration's proposed FY 87 budget (dollars in thousands)	Additional NWF recommendations/ comments
Information Collection and analysis *		
Resource Information		
Surveys	1,686	
Habitat Research	5,133	critical program given high priority by NMFS Habitat Policy.
Habitat Evaluation Methodology	1,000	
Chesapeake Bay Studies	1,500	
Anadromous Fisheries (Atlantic salmon)	200	
Stock Enhancement and Disease, Aquaculture	2,372	recommendation excludes $350,000 for Newport, OR & $375,000 for Stuttgart.
West Coast Groundfish Research	918	
Information Analysis and Dissemination *		
Nearshore Research and Analysis		
Estuarine and Nearshore Ecosystems	738	
Improve Stock Predictions	236	
Conservation and Management		
Regional Fishery Management Councils	3,500	
Columbia River Hatcheries	0	NMFS funding can be reduced or eliminated as proposed by HR3167
Habitat Conservation	2,269	critical program given high priority by NMFS Habitat Policy.
State and Industry Assistance (Grants to States)		
Anadromous Fish Conservation Act		
Section 4	932	
Section 7	500	
Commercial Research and Development	4,250	

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* Maintain research laboratories at Oxford, MD; Sandy Hook, NJ; Beaufort, NC; Tiburon, CA; Milford, CT; and, Galveston,tx.

Mr. SMITH. I am not quite sure, how does this withhold the funding for the Columbia River?

Mr. ROSEN. Mr. Chairman, I think it would provide added incentive to move this bill through the House and the Senate. At this point in time, with the Appropriations Committee opposed perhaps to provide funding, there is no real impetus to seek an alternate means to fund that program and the particular provisions that Mr. Breaux has in the bill which has been moved out of his subcommittee to the full committee, those provisions have been discussed for well over a year and discussions continue, and I think it provides for a reasonable and fair alternative to the current funding.

Mr. SMITH. Well, we have our difficulties on this Committee. These programs have been cut way back each year in the budget. They have eliminated some of other programs in the budget, and then we have to try to figure out a way of shifting enough money around to keep some of these things going that don't have the kind of visible public support some other programs have. It is really getting more difficult all the time, but I understand what you are saying. We will see what we can do.

TUESDAY, APRIL 8, 1986.

NTIA GRANTS

WITNESS

KIM HODGSON, VICE PRESIDENT AND GENERAL MANAGER OF WETA-FM, WASHINGTON; NATIONAL PUBLIC RADIO

Mr. SMITH. Kim Hodgson.

Mr. HODGSON. Mr. Chairman, we thank you for this opportunity to address you today regarding the importance of the Public Telecommunications Facilities program. I have submitted a more detailed statement for the record. What I have to say will be of considerable condensation.

I am Kim Hodgson, Vice President and General Manager of WETA-FM here in Washington. We broadcast 20 hours each day of cultural and informational programs to an audience of nearly a quarter of a million, and we also produce programs which are distributed nationally by satellite. In my career I have worked for public radio stations in a wide variety of settings—a Navajo language station in New Mexico, rural stations in West Virginia and Minnesota, and a large university station in Washington State. In every setting the role of federal funding as a catalyst for the development and continued operation of these stations has been crucial.

Since my time is limited, let me get right to the point: the public broadcasting system and the millions of Americans who depend on it for high quality radio and television programs need the full $28 million in fiscal year 1987 Public Television Facilities Program funds authorized by the Congress in the Budget Reconciliation Act which was signed by the President yesterday.

For more than two decades, federal facilities funds have been essential to the construction of a public broadcasting system which now delivers television signals to nearly 95 percent of the American people and local full service radio signals to roughly 75 percent. And because these funds have been made available on a matching basis, they have generated 66 cents in hard to come by non-federal equipment funds for every federal dollar spent.

Some funds are still needed to complete the system and ensure delivery of public broadcasting signals to all Americans. But today, I believe we have an even more pressing need: the need to protect the substantial investment of the past by replacing and upgrading equipment in public broadcasting's now aging physical plant.

This need is increasing rapidly, a fact recognized by Congress this year when it eliminated the requirement that 75 percent of Public Television Facilities Program funds be set aside for new construction. A third of National Public Radio's member stations have transmitters over ten years old—and then years is the life expectancy for equipment of that sort. One Michigan station with an application in the current Public Television Facilities Program round has a transmitter and an antenna 21 years old. I can tell you from personal experience that that station is in trouble, and must live with the ever present possibility of catastrophic failure.

That particular station is licensed to a university, by the way, and while I don't know for sure, my own university experience tells me that there is a good chance that university rules won't permit them to expense depreciation, or aggregate a fund reserve for equipment purchases, and they probably can't hope for much help from the university's capital budget. If they are like most stations they need every cent they can raise from listeners for programming purposes and dare not divert these funds, for reasons both ethical and practical, for major equipment purchases. With federal funds for a catalyst they will raise their match, but they won't be able to do it on their own.

At WETA we are a little bit luckier than that. I believe we enjoy extremely prudent financial management, and as a community licensee, we are able to be a bit more business like. We do expense depreciation and we do have a capital fund which allows us to replace some equipment. Within the past two years, for example, we have purchased and installed a new microwave studio transmitter link, a new remote control, a new transmitter and a new antenna at our radio station, all without a single penny of federal assistance.

But depreciation alone can never create a fund adequate to its purposes. We have no profits to augment the fund, and major problems remain. Our on air and production control boards are noisy and unreliable, and no more spare parts are available.

Our tape recorders date back to when the station first went on the air in 1970.

Our main production control room is incapable of meeting technical standards required for national distribution, so national programs must be produced in rented facilities, often at considerable extra cost.

Our capital funds are simply inadequate to meet this additional need, as well as similar needs on our television side. So we, too, are among the 327 Public Television Facilities Program applicants this year who have requested a total of $89.5 million—nearly four times the $22.4 million available.

The history of public broadcasting is a history of partnership between the Federal Government, broadcasting professionals and local communities. The Public Television Facilities Program has been, and must continue to be, a crucial element in this partnership. In the new Gramm-Rudman climate where all federal funding is being scrutinized as never before, a small program such as Public Television Facilities Program can perhaps be an inviting target. But I urge the committee to consider the program's wide ranging benefits; the protection it provides for the substantial federal and nonfederal investment already made; and its role as a catalyst for generating additional local support for public broadcasting. I believe, and hope you agree, that if these criteria are applied, the program's value far exceeds its very modest cost, and I urge your continued support of this program at currently authorized levels.

Thank you, and I will be happy to respond to questions if you have any.

[The statement of Mr. Hodgson follows:]

Statement of F. Kim Hodgson
Vice-President and General Manager, Radio
WETA, Washington, D.C.

before the
House Appropriations Committee
Subcommittee on Commerce, Justice, State and Judiciary

on
FY 1987 Appropriations for the
Public Telecommunications Facilities Program,
National Telecommunications and Information Administration
Department of Commerce

April 8, 1986

Mr. Chairman and members of the committee, I appreciate the opportunity to speak to you today on the importance of the Public Telecommunications Facilities Program to the public radio system in general, and to my station, WETA-FM, in particular.

WETA-FM is a community station jointly licensed with Channel 26 here in Washington. We have nearly a quarter of a million listeners in the greater Washington area, and we also produce programs which are distributed nationally via the National Public Radio satellite system.

During the course of my career I also helped establish KTDB in Ramah, New Mexico, the first Indian controlled and operated public radio station; I served as a fund raiser for WVWC-FM in rural West Virginia; I was station manager of KRSW, part of the Minnesota Public Radio Network, in the farming country of southwest Minnesota; and I was general manager of KUOW-FM, licensed to the University of Washington in Seattle. Thus my experience encompasses public radio in a wide variety of settings, and in every setting the role of federal funding as a catalyst for the development and continued operation of these stations has been crucial.

I am especially pleased to be here today to discuss the PTFP FY 1987 appropriation, knowing that Congress has included authorizing language for the program in the Budget Reconciliation Act passed last month and signed by the President's yesterday. We appreciate the support Congress has shown in authorizing the PTFP program at $28 million for FY '87, the amount of the appropriation I am requesting today.

The PTFP's accomplishments to date have been impressive. A total federal investment of $281.6 Million has generated more than $185 Million in non-federal matching funds to build a radio and television system that now reaches 95% of all Americans with a public television signal and roughly 75% with a local full-service public radio signal. But does this mean that the program's work is finished? By no means. There are still millions of Americans with no access to public radio or television, and this need must still be addressed. Even more important though, from my point of view, is the need to protect the substantial investment of the past by continually replacing and upgrading equipment in public broadcasting's physical plant as it ages and deteriorates.

This need is increasing at an ever-quickening pace--a fact recognized by Congress this year when it eliminated the requirement that 75% of PTFP funds be set aside for new construction. A recent survey by NPR of its member stations shows that one-third have transmitters ten or more years old. I understand that in the current round of PTFP proposals there is one from a Michigan station seeking to replace a transmitter and antenna that are both twenty-one years old. From my experience I can tell you that that station is skating on very thin ice indeed. You can patch the things together with chewing gum and bailing wire only so long, and then they go. And when they go, you're off the air, out of business.

Now everyone in this business knows that broadcasting equipment wears out, usually within five to ten years of purchase. Public stations make every effort to be prudent in their use of resouces, and to plan against the day when major items of equipment will have to be replaced, but for a variety of good reasons, few stations can expect to become so self sufficient in aggregating capital funds that they can do without the catalyst that federal funding provides.

To begin with, these are non-profit stations, and as has been pointed out repeatedly over the years, they are chronically underfunded. Few stations have the ability to set aside funds for a rainy day; every penny that can be raised from the public and other sources must go into programming. This is especially true of smaller stations--the majority of stations in our system--whose listener support, while constituting the largest single source of revenue, still is simply not large enough to pay for big-ticket equipment items. Moreover, most listeners contribute with the expectation that their money will be used to support programming, not major equipment purchases, and there is some question whether these funds can legitimately be used fc capital items unless donors are explicitly informed of such intended use.

Also, many of these stations are licensed to institutions, such as colleges and universities, whose own accounting requirements make it difficult if not impossible to accumulate funds for capital purchases. For example, when I worked for KUOW-FM at the University of Washington, the University's accounting procedures did not allow me to expense depreciation, and if I were so prudent as to generate a surplus of revenues over operating expenses this became an argument for reducing the University's financial commitment to the station. Though the university had a capital fund, I could not compete with the hospital and the engineering department for access to that money. I might add, however, that two grants from PTFP did make it possible for me to replace my transmitter and antenna and some of the ancient equipment in our studios, and were an effective incentive for the University to allocate some of its capital funds to its radio station.

Even the most prudently managed public stations need federal assistance. I believe that many would consider WETA something of a model of prudent fiscal management. We do expense depreciation and have a capital fund which allows us to replace some equipment. Within the past two years, for example, we have purchased and installed a new microwave studio-transmitter link, a new remote control, a new transmitter and a new antenna at our radio station, all without a single penny of federal assistance. But depreciation only creates capital funds equal to the original value of a piece of equipment while the replacement cost after, say, five years will often be fifty percent greater or more. And depreciation provides nothing for upgrading or expanding a facility.

This year we have requested funds from PTFP to help us replace aging equipment in our air control and production control rooms. The need is desperate--one key piece of equipment in Production Control consumes in excess of 30 hours worth of maintenance time each month and continues to deteriorate--but we simply don't have the capital funds available to address it. At stake is nothing less than our ability to attract and retain the kind of audience we need to survive in the highly competitive Washington market, as well as our ability to provide high quality programs, such as MUSIC FROM WASHINGTON, which serve audiences throughout the country. At the moment, indeed, the technical quality of programs produced in our studios is so poor that we must rent facilities elsewhere, often at considerable extra expense, to produce anything intended for national distribution.

Stations have attempted to maximize the benefits of their equipment purchases by squeezing every ounce of useful life out of them. I have already mentioned the twenty-one year old antenna and transmitter that a Michigan station hopes to replace. Our own proposal calls for replacement of six reel-to-reel tape recorders which were purchased when the station went on the air in 1970. And virtually every existing station that has been on the air for more than a few years has a similar story to tell.

The magnitude of the system's need for PTFP funds is evidenced by the fact that in this year's round of grants, 327 applications were accepted for filing. The total PTFP funds requested in those proposals equaled $89.5 million, nearly four times the $22.6 million available. As the committee knows, this kind of mismatch between need and resources has been the historical pattern for the program.

In summary, Mr. Chairman and members of the committee, I believe that the Public Telecommunications Facilities Program is essential to the continued health and vitality of the public broadcasting industry. This relatively small annual appropriation will protect the federal government's substantial investment in equipment now on line at radio and television stations around the country and it will serve as an essential catalyst for the non-federal funds needed to complete and maintain the system.

The partnership between the federal government, public broadcasting professionals and local communities has given us an informational and cultural resource unique in the world: a publicly supported broadcasting service operating successfully alongside a highly competitive commercial system without direct government intervention or control. The PTFP has been a crucial element in this partnership, and I and my colleagues greatly appreciate the support this committee has given the program in the past. I urge you to continue to support it at currently authorized levels in FY 1987.

Before I close I would like to say a final word about funding for public broadcasting in the new Gramm-Rudman climate. I am aware of the budget pressures under which committees are operating. Federal funding is being scrutinized as never before, and a small program such as PTFP can be an inviting--if rather insignificant--target. But I urge the committee to consider the program's wide-ranging benefits, and its important role in helping garner local support for public broadcasting. I believe, and hope you agree, that if these criteria are applied the program's value far exceeds its very modest cost.

Thank you.

Mr. SMITH. Are you saying that this equipment wears out in ten years? Is there more advanced technology, or what?

Mr. HODGSON. Ten years is considered to be the maximum life for a piece of electronic equipment like that. It is normally depreciated over a five year to ten year schedule depending on what——

Mr. SMITH. Why does it wear out that fast?

Mr. HODGSON. I am not an engineer, I am sorry, I am not qualified to tell you that, but that is about the average life.

Mr. SMITH. I see. OK.

Mr. HODGSON. You can keep them running for a long time with paper clips but it becomes not cost effective.

TUESDAY, APRIL 8, 1986.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

WITNESS

BRUCE MANHEIM, ENVIRONMENTAL DEFENSE FUND

Mr. SMITH. Bruce Manheim.

Mr. MANHEIM. My name is Bruce Manheim. I am a scientist with the Wildlife Program of the Environmental Defense Fund and have served for the past two years on the U.S. delegation to the Convention on the Conservation of Antarctic Marine Living Resources. I appreciate the opportunity to testify on the fiscal year 1987 budget for the Department of Commerce, and specifically, the Antarctic Marine Living Resources program of the National Oceanic and Atmospheric Administration.

My statement, which I present today on behalf of 19 environmental, scientific and fishery organizations concerned about Antarctic conservation, urges this subcommittee to approve an appropriation of approximately $4 million to support National Oceanic and Atmospheric Administration's Antarctic Marine Living Resources Program. Although that effort is vital to U.S. interests in Antarctica, the Administration is not seeking any funding for it in its fiscal year 1987 budget request. We believe that the modest savings that may be gained by that budget reduction decision will impose significant costs in the future by reducing the ability of the United States to protect its political and resource interests in Antarctica.

The Convention on the Conservation of Antarctic Marine Living Resources was negotiated in anticipation of a greatly expanded and unregulated commercial harvest of krill, the tiny shrimp-like crustacean that forms the basis of the Antarctic food chain. To avoid adverse impacts to the Antarctic marine environment from overexploitation, the convention established a regulatory commission with authority to regulate fishing and associated activities that may affect krill and other Antarctic marine species, including whales, seals, penguins and fish. To date, 21 nations, including the major fishing nations in the Southern Ocean—the Federal Republic of Germany, Japan, Poland, and the Soviet Union—have agreed to subject their fishing activities to regulation under the Convention on the Conservation of Antarctic Marine Living Resources.

To provide a basis for such regulation, Congress directed National Oceanic and Atmospheric Administration in 1984 to design and conduct a comprehensive program of scientific research of marine living resources in Antarctic. The plan for that program was prepared in consultation with the National Science Foundation, the State Department, and other appropriate federal agencies. Although the October 1985 statutory deadline for submitting this plan to Congress was apparently extended to early February 1986, the plan unfortunately still has not yet been submitted to Congress.

Nevertheless, we understand that for fiscal year 1987 the plan calls for an assessment of certain key species of Antarctic marine life and monitoring of physical oceanographic conditions to ascertain the distribution and abundance of krill and other species. Information generated by this research will be essential to predicting and monitoring the impacts of fishing and associated activities on Antarctica's marine life.

To support such activities, National Oceanic and Atmospheric Administration will require $3.975 million for fiscal year 1987—just one half of one percent of National Oceanic and Atmospheric Administration's budget request. Almost half of these funds are needed for a 180 a day charter of an ice-strengthened vessel to serve as a research platform, while the remaining monies will be used to support particular scientific assessments.

Despite the importance of fulfilling U.S. obligations under Convention on the Conservation of Antarctic Marine Living Resources and maintaining U.S. leadership in Antarctica, National Oceanic and Atmospheric Administration's fiscal year 1987 budget unfortunately does not include a request for the very modest amounts needed to support its Antarctic Marine Living Resources Program. That budget decision flies in the face of President Reagan's 1984 statement that Convention on the Conservation of Antarctic Marine Living Resources is of "direct importance to U.S. Antarctic policy" and the strong endorsement of National Oceanic and Atmospheric Administration's research program by the Antarctic Policy Group. Specifically, that committee, which has authority to determine whether federal agencies other than the National Science Foundation should undertake scientific research in Antarctica, found that this program would advance U.S. Antarctic policy objectives and not in any way duplicate the work of the National Science Foundation in Antarctica.

Indeed, the APG cleared that the program "would make a significant contribution to the overall understanding of the structure and function of the Antarctic marine ecosystem and could provide information essential to effective U.S. participation, within Convention on the Conservation of Antarctic Marine Living Resources, in the conservation and management of the marine living resources in ocean areas surrounding Antarctica."

Yet in the absence of financial support for the program, there are at least four adverse consequences:

First, the United States will simply not be able to influence effectively fishing activities directed at a wide variety of marine species in Antarctica. The principal purpose of National Oceanic and Atmospheric Administration's Antarctic marine research program is to provide U.S. scientists and policymakers with information that can be used to regulate the impacts of fishing and associated activities on Antarctic marine life.

In light of the current Soviet over-fishing in Antarctic waters and potential technological breakthroughs by Poland and Japan in harvesting and processing krill, that information will be absolutely necessary. Because the Convention on the Conservation of Antarctic Marine Living Resources requires consensus decision making based on scientific information, adequate measures to prevent such over-exploitation will be adopted only if they are supported by available scientific information.

Hence, in the absence of National Oceanic and Atmospheric Administration's research program, the major fishing nations in the Southern Ocean—the Soviet Union, the Federal Republic of Germany and Japan—will likely play the lead role in dictating the nature and extent of their fishing activities in the waters off Antarctica. Indeed, without a viable program, the United States will fall seriously behind these countries in directed Antarctic marine research.

Second, the U.S. may not be able to determine whether energy exploitation in Antarctica will have adverse impacts on marine life. Over the past decade, there has been significant international interest in Antarctica's petroleum potential. An agreement is currently being negotiated to control oil and gas exploitation, but like Convention on the Conservation of Antarctic Marine Living Resources, its effective enforcement will depend heavily on available scientific information.

While National Oceanic and Atmospheric Administration's proposed research program is principally concerned with conservation of marine living resources, it is clear that information generated by the program would allow the United States to play a key role in scientific decisions regarding the environmental impacts of oil and gas exploitation on the marine life in Antarctica.

Third, U.S. scientific research, the currency of political dominance in Antarctica, will continue to decline. A recent State Department study indicates that while other countries have stepped up their Antarctic marine research, the United States effort has actually decreased. Our scientific capabilities and contributions—and consequently, our political influence over Antarctic matters—will decline further as several countries, including Brazil, India and the People's Republic of China, expand their newly established Antarctic scientific programs. In the absence of adequate funding of the Antarctic program, Federal Government political and security interests in and influence over Antarctic activities will continue to diminish.

Finally, and perhaps most fundamentally, the decision reflects poorly on Federal Government commitment to the Antarctic Treaty system—the collection of agreements that grew out of international scientific cooperation and today governs activities on the icy continent and its surrounding waters. That system is now being questioned by the larger international community as the United Nations determines whether it should be replaced. There is no doubt that the UN will evaluate the efficacy of Convention on the Conservation of Antarctic Marine Living Resources to determine whether it is actually being implemented by its member countries.

Although the Federal Government has been a strong advocate of the treaty system for the past 25 years, its voice of support will ring hollow if it cannot fulfill its obligations under Convention on the Conservation of Antarctic Marine Living Resources.

While we recognize that you must make difficult budget decisions, we believe that you should not overlook the importance and cost effectiveness of National Oceanic and Atmospheric Administration's Antarctic marine research program. Clearly, a modest amount of money invested today in Antarctic marine research will go a long way toward addressing critical environmental and political issues the United States will inevitably face in Antarctica. Indeed, for future generations, funding of this program will surely be more important than the modest savings we may gain today through its elimination. That is why we respectfully request this committee to approve an appropriation that would fully support National Oceanic and Atmospheric Administration's Antarctic Marine Living Resources Program.

That completes my testimony. Thank you for the opportunity to testify today. I would be happy to answer any question you might have.

Mr. SMITH. Is krill an animal like shrimp?

Mr. MANHEIM. It is a crustacean, it is a tiny sliver-like crustacean.

Mr. SMITH. How big?

Mr. MANHEIM. They are about one and a half inches at their largest. A little smaller. In any event, they form the basis of a food chain. If one harvest krill, one has immediate impact on all the various species that are dependent upon it.

Mr. SMITH. How are they used when they harvest them?

Mr. MANHEIM. Well, the Soviets use it as a protein source for livestock and what have you.

Mr. SMITH. The whole organism?

Mr. MANHEIM. Well, no, they remove the exoskeleton from the organism and that is one of the possible technological projects that Poland and Japan are working on, an easier way to remove that exoskeleton. Then they grind it up and use it as bone. The Japanese have endeavored to use it as a food source, but haven't been extremely successful.

Mr. SMITH. Thank you.

TUESDAY, APRIL 8, 1986.

COASTAL ZONE MANAGEMENT

WITNESS

CHRIS A. SHAFER, VICE CHAIRMAN, COASTAL STATES ORGANIZATION

Mr. SMITH. Chris Shafer.

Mr. SHAFER. Good morning, Mr. Chairman.

I apologize for being late this morning. I was scheduled to be at two places at roughly the same time, speaking to the National Oceanic Industries Association, just a few minutes ago, so we were running behind schedule. I hope we haven't thrown your schedule off.

We appreciate the opportunity to present the views of the Coastal States Organization this morning in support of continued funding for state coastal zone management programs. We specifically request that our testimony be accepted for the record. There are a couple of parts to the testimony, the written documents in terms of testimony, the impact of the federal budget cuts and a state by state survey, are the testimony. Then we have also submitted copies of a publication that does not need to be incorporated in the record. It is primarily for your information. It describes the individual state coastal programs and some of the accomplishments.

Mr. SMITH. All right.

Mr. SHAFER. We would very much like to express our appreciation to this subcommittee for the support and leadership in the past for continued appropriations to the Coastal Zone Management Program. The applauds also for the five year reauthorizing of the Coastal Zone Management Act, which was just signed into law yesterday by the President. With this reauthorization, Congress has reaffirmed its support for the Coastal Zone Management Act and this five year reauthorization brings a sense of certainty in terms of state involvement in ocean and coastal management and allows, perhaps more importantly, for some long range planning on behalf of the states in term of the continued implementation of their Coastal Zone Management Programs.

The reauthorization also clearly determines the ratio of funding under the statute for state and federal cost sharing and it increases the cost sharing requirements to state governments from the present 80–20 version in the previous law. Over the next four years the statute requires that the states match the federal fund by 50–509 cost sharing, which we believe is a strong commitment on behalf of the coastal states to increase their share and increase their commitment to sound ocean and coastal management.

As a point of information, many states already contribute far more than the legally required 20 percent of match to their coastal management programs in their respective states.

We would like to firstly urge rejection of the Administration's rescission request. The Administration has proposed to rescind all $36 million appropriated in FY 86. I believe this is at least the third year that the Administration has proposed to do that. It might even be the fourth year.

If the rescission were successful, it would result in the total inability of the coastal states to meet our statutory obligations under the coastal programs to implement our individual state programs. For your information, 15 of the 28 states will have exhausted their FY 85 fund. It is a very serious situation confronting the states if the rescission is successful. So we would urge that that be rejected.

We would also request that there be a separate line item for the Coastal Zone Management Fund. Previously, I believe you have, up until two years ago, they did have a separate line item within the National Oceanic and Atmospheric Administration budget. It has been confined in the operation and research facilities account. The so-called account of National Oceanic and Atmospheric Administration. We would like to have the Coastal Zone Management Program set up, reestablished in its own line items to prevent reprogramming of the CCM fund by what I think would be fairly to say an unsympathetic or unsupportive Administration. We think a separate account would provide for better accountability of the state coastal programs and again, would help assure that the program dollars are in fact spent for what they are intended—implementing coastal programs and not other National Oceanic and Atmospheric Administration programs.

In terms of the appropriations level for the next fiscal year, the Coastal States Organization recommends a $36.6 million appropriation for section 306 and 306(a) of the statute and $1.5 million for section 309—the interstate grant program. A key point on this regard is that these appropriations levels essentially reflect the authorizing levels of the recently amended statute and the coastal states weren't involved in the reauthorizing and agreed with the reduction—in substantial reduction—in the authorizing levels from the previous statute to reflect a more realistic budget level.

The current authorizing level essentially reflects past appropriations levels and that is what we are asking for this year. There are a number of reasons why we believe continued funding of the coastal program is in the national interest and it appears, first and foremost, there are clearly significant benefits that result from implementing state coastal management programs. In other words, the state programs directly support national objectives for sound coastal resource management.

There are a number of areas in which we directly support national coastal objectives. One very strong area is hazardous area reduction in terms of sound planning and regulating development in coastal flood plains and high risk erosion areas.

We do a lot through our state coastal management programs to minimize future disastrous damage resulting from hurricanes or serious storm in the coastal areas.

A number of states are also involved in disaster planning, evacuation planning, and contingency planning, how best to deal with a signal hazard like hurricanes.

Coastal states are also heavily involved in supporting and promoting the positive redevelopment of commercial ports and revitalization of urban waterfronts. Many of the coastal states have devoted significant portions of their grants to revitalizing degraded or deteriorating urban waterfront areas, and provided seed money that in many cases has supported the design or engineering of specific projects and which then the private sector has been able to come in and carry the ball forward in terms of implementing the project.

Almost all of the coastal states directly support national objectives in terms of fisheries and wildlife habitat protection through regulatory programs to control the development in estuarine environment and coastal wetland fish spawning areas, with the state coastal programs very strongly involved in habitat protection, and directly supports the whole series of national objectives in that regard.

Coastal states are also directly involved in promoting public access and recreational use of the shoreline. Many of the states have funded a whole series of projects to open up the coast for additional public access, and in this regard, particularly the 306(a) coastal resource improvement grants or the so-called low cost construction grants, is an extremely positive and creative part of the statute that is just only in the last year or so, been made available to other coastal states to use for direct construction projects to promote public access and reuse of waterfronts.

We in Michigan have had the very positive experience of being able to use the fund since 1979 for a whole series of low cost construction projects, very tangible, positive projects in the coastal area, and now this is available to the other states, and we would like to encourage that that be continued in the future.

Very importantly, the states alone cannot support the National Coastal Planning Program. We don't have the financial resources at our state level to bear the full cost of the program. We are willing over a period of years, to increase our matching share, but we cannot all of a sudden accept the full cost of coastal zone implementation. So we definitely believe there is a need for continued federal funding.

And again there is an expansion on the horizon of additional states coming into the national program. We have 28 states and territories currently participating in the national program. Virginia is very seriously anticipating receiving federal approval within the next few months and the State of Ohio is also pursuing necessary state legislation to meet the federal approval requirements. So we have an expansion on the horizon of an additional two states.

So, basically it boils down to we feel there is a very strong reason for continuing the funding of the national coastal program and also, very simply, that the Administration's public reasons for terminating the funding are simply not valid. The total appropriations request of $38.1 million for sections 306, 306(a) and 309 programs is an effective level funding from the current level. The coastal states are very willing to take on a stewardship role and have taken on that responsibility for the nation's coastal resources but it can do so only with the strong, visible, important partnership with the Federal Government.

The pressure on coastal resources will continue to increase in the future and we need state coastal management programs to effectively deal with these issues and manage the nation's coastal resources.

Again, we very much appreciate your past support for our program and hope it will continue in the future.

Thank you very much.

Mr. SMITH. Thank you very much.

[The statement of Mr. Shafer follows:]

TESTIMONY OF
CHRIS A. SHAFER
VICE CHAIRMAN, COASTAL STATES ORGANIZATION

BEFORE THE

SUBCOMMITTEE ON COMMERCE, JUSTICE,
STATE AND THE JUDICIARY
HOUSE APPROPRIATIONS COMMITTEE

April 8, 1986

Mr. Chairman and Members of the Subcommittee, my name is Chris Shafer. I am Vice Chairman of the Coastal States Organization (CSO) and Chief of the Great Lakes Shorelands Section for the State of Michigan. On behalf of the CSO, a representative association for the governors of the 35 coastal states, commonwealths and territories, I appreciate the opportunity to present our views in support of state grant programs authorized under the Coastal Zone Management Act (CZMA) and administered by the National Oceanic and Atmospheric Administration (NOAA).

When the President submitted his proposed FY87 budget to the Congress earlier this year, once again neither I nor my fellow delegates were surprised by the Administration's failure to request funds for CZMA grants for states. Attempts by the Administration to eliminate these funds have become an annual ritual; this budget is the sixth in a row that zeroes out CZMA funding. If it weren't for the leadership of this Subcommittee and Congress to reinstate the federal share of CZMA funds and to uphold the federal government's commitment to coastal states as partners in the national coastal zone management program, 28 states would have been forced long ago to dramatically reduce the scope of their coastal management programs or discontinue operations altogether.

Further, coastal states again face the perilous scenario this year with the President also proposing a complete rescission of the $36 million in FY86 CZMA grants to states. The FY86 CZMA appropriation, recommended by this Subcommittee and approved by Congress, was signed into law by President Reagan in December, 1985. About two months later, the President turned around and proposed rescinding this funding. The result of this could be a total inability on the part of the coastal states to meet their coastal management obligations. This proposed

FY86 rescission will begin affecting the Virgin Islands CZM program this month and many others by June. If this rescission request is not rejected by Congress, 15 of the 28 eligible coastal states and territories will exhaust their FY85 CZMA grants assistance by August, 1986. We strongly urge this Subcommittee to reject the President's rescission request.

The CSO applauds the recent reauthorization of the CZMA for another five years. This will bring a sense of certainty to the national CZM program. Within the reauthorization Act, $36.6 million has been authorized for Section 306 and 306A state grants for FY87, and $1.5 million for Section 309 grants. These funding levels were carefully considered by House and Senate authorizing committees. CSO supports these levels, which we believe represent a clear statement of funding support and budgetary restraint by Congress. For the reasons set forth below, CSO urges this Subcommittee to appropriate $36.6 million for Section 306 and 306A grants and $1.5 million for Section 309 grants. This $38.1 million total for Section 306, 306A and 309 grants, we must point out, is equal to what is authorized, and in view of inflation and the strength of the dollar, is essentially level funding compared to FY86.

We also urge that the states' CZM account be reinstituted as a separate NOAA budget item and that it not remain in the budget structure of the Operations, Research and Facilities (ORF) account of NOAA. We question the advisability of continuing the practice of including CZM funding within the ORF account. To do so hampers the ability to monitor the allocation of such funding by an agency which would like nothing more than to reprogram state CZM monies and that is committed to the elimination of federal support for state coastal management activities.

THE NEED FOR FEDERAL FUNDING OF THE NATIONAL CZM PROGRAM

In justification for its proposal of zero funding for CZM, the Administration states that "because all states desiring to participate in this program have submitted, and are implementing their plans, responsibility can now be transferred to the program beneficiaries." We must raise three points in answer to this rationale.

CZMA and the National Interest

Who are the beneficiaries of the national CZM program?

Actually we are pleased that the Administration raises this question, for unfortunately, there is a misperception that the benefits of Coastal Zone Management are predominantly state or local benefits. We agree that there are state and local benefits. But the assertion that these benefits are predominantly local greatly misses the mark.

In 1972, Congress found that:

- There is a national interest for effective management of the coastal zone;
- The resources of the coastal zone are of immediate and potential value to the present and future well-being of the nation;
- A wide range of coastal zone values are essential to the well-being of all U.S. citizens;
- The key to effective management of the coastal zone is for the federal government to assist the states with "dealing with land and water use decision of more than local significance";

Has there been such a major change in values and responsibilities that these findings are no longer true? Can the Administration ignore that the main purpose of the Coastal Zone Management Act is "the encouragement and assistance of States in preparing and implementing management programs to preserve, protect, develop and whenever possible restore the resources of the coastal zone of the United States"? Is the judgment of the Commission on Marine Science, Engineering and Resources (the Stratton Commission) that "the coast of the United States is, in many respects, the nation's most valuable geographic feature" now to be found faulty? We believe the answer to all of these questions is a simple, but emphatic, no.

We believe that the Stratton Commission words still ring true that:

> The uses of valuable coastal areas generate issues of intense state and local interest, but the effectiveness with which the resources of the coastal zone are used and protected often is a matter of national importance. Navigation and military uses of the coasts and waters offshore clearly are direct federal responsibilities: economic development, recreation, and conservation interests are shared by the federal government and the states.

In this respect state management of the nation's coastal zone really means that states are the stewards of the national coastal resources. Examples of national benefits from state coastal programs are numerous. Many examples are listed in detail in CSO's "America's Coasts: Progress and Promise," which we include with our testimony for your files. But let me highlight some examples in general terms.

- Hazard Reduction and Safety Improvements - Contingency plans and public awareness, both the result of state programs, have resulted in saved lives and less property damage. By regulating development in coastal areas with severe storms in mind, and having evacuation plans in place when the storms hit, lives and dollars are saved. Through sound coastal development regulation, a declaration of a national disaster can be avoided when severe storms hit. How many federal dollars are saved by not having to make such a declaration? With proper planning and regulation, less floodplain damages results, with the result of less federal dollars being paid out under the National Flood Insurance Act. Shorelines exposed to hurricanes in the Gulf, Northeasters along the Atlantic, record high water levels in the Great Lakes, and the El Niños on the Pacific Coast require the careful regulation of new development provided by state CZM programs.

- Ports and Waterfronts - Revitalization of ports and urban waterfronts, which has happened across the nation in part through CZM programs, has directly benefited the national economy. In fact, the ratio of federal CZM project dollars invested by states and local governments to that invested by public and private sources is often better than 1:1000. Federal dollars have thus contributed significantly toward economic expansion in the coastal zone. This is all a part of the country's economic recovery that the Administration is so proud of.

Revitalization of ports and urban waterfronts has had a positive impact on national security of the United States. For example, the Bath Iron Works Naval Shipyard in Maine was able to expand its Portland operations and position a massive floating drydock capable of submerging to a depth of 65 feet. Florida is developing a regulatory process through its CZM program that enables all of its ports to maintain proper channel depths and prevent silting. A state-of-the-art Tidal Gauge System recently installed in New York Harbor will enable ships and barges in the harbor and along the Hudson River to increase cargo loads, reduce vessel layover time, and avoid accidents. All of these projects, possible because of appropriated CZM funding, serve to aid our merchant and naval ships in time of national emergency, directly benefiting the nation's security.

- **Fisheries and Wildlife** - Roughly 70% of all U.S. commercial fishing takes place in coastal waters. This fact, coupled with the new results of a National Marine Fishery Service study, indicates that on the average about 2/3 (and up to 98% in the Gulf Region) of commercially important fish species are dependent upon estuaries and coastal wetlands in their life cycle. Protection of these estuaries and wetlands, possible only with an effective coastal management program, may well do more to protect these stocks than any fishery management plan. For in order to need a fishery management plan, there must be fish, and in order for there to be fish, there must be wetlands and estuaries. Who can deny the national benefit of having living resources enhanced by local CZM plans? It is not difficult to understand how a fingerling in Maryland waters could mature in Virginia waters, be caught by a New England fisherman in the U.S. EEZ, and be sold at a New York fish market for someone in Kansas to eat.

State CZM programs also protect critical habitat for wildlife, water fowl and threatened and endangered species. In this manner state CZM programs directly complement other federal and international programs of protecting and managing migratory waterfowl, as well as reinforcing the objective and purposes of the Endangered Species Act.

- **Public Access** - Public access to the nation's coasts was improved significantly as a result of national state coastal management efforts. Under the sponsorship of the CZMA, states have built bike paths, roads, fishing piers, waterfront parks and recreational facilities, open to all Americans, designed to increase public access to the coasts. And I'm sure there's no doubt within this Subcommittee that Hawaii's beaches are not only for Hawaiians, nor are Florida's beaches only for Floridians, and so forth. Increasing public access by local managers has served to greatly enrich all Americans.

- Tourism - Finally, just a note about tourism, which clearly adds to the national economy, and has been greatly enhanced by all of the CZM programs.

Paying The Coastal Zone Management Costs

Can the coastal states alone financially support the program?

Coastal states understand and readily appreciate both the President's and the Congress' desire to restrain federal spending. We are fully aware of the Gramm-Rudman-Hollings situation. But we stand firmly opposed to balancing the federal budget at the expense of necessary and economically beneficial programs, such as coastal zone management.

Figures released recently by the National Governors' Association and the National Association of State Budget Officers indicate that several coastal states, eligible for CZMA grants, may have a budget surplus by the end of FY86. These figures have been relied upon to justify terminating federal spending on CZMA programs. But what these estimates don't reveal is that this projected surplus amounts to only 1.44 percent of the average coastal state 1986 general revenues, representing a reduction from 3.14 percent in 1985, and 4.65 in 1984. The trend is clearly a declining one. Nor do these figures reflect the fierce competition within states, due to substantial federal budget cuts, over whatever state funds are still available to help finance programs such as coastal management.

Further, emerging federal ocean activities proposed for 1987 will undoubtedly have major consequences for coastal states. Such activities include: the implementation of the Department of Interior's (DOI) 5-year OCS oil and gas leasing plan, the Environmental Protection Agency's offshore incineration and ocean dumping programs and near coastal waters stategic plan, and NOAA's and DOI's studies to explore and develop the U.S. Exclusive Economic Zone.

The Administration's 5-year OCS oil and gas areawide leasing program continues to strain state capabilities to maintain their statutorily guaranteed role in the nation's OCS program. The ability of affected states to anticipate, prepare for, and mitigate the impacts from federally-initiated OCS oil and gas development will be taxed for years to come. The technical staff the states need to meet this demand are supported primarily by federal CZM funds. If federal funding support is not continued, staff layoffs would occur, ultimately leading to delays in processing time for coastal development permits, program reductions in permit monitoring and enforcement, and lengthy delays in CZMA federal consistency reviews. The resultant processing delays, particularly those pertaining to OCS exploration and development plans, would clearly cost the Federal Treasury more in lost revenues than could be saved by refusing coastal management grants to states. Worse yet, as technical staff are laid off in state CZM programs, negotiations over lease and permit conditions become less likely and costly litigation in federal courts becomes more likely in the face of disagreement. We must assert that termination of federal coastal management grants to states may be penny wise in the short term, but clearly is dollar foolish in the long run.

Further, the press of "normal" coastal business continues. The ever present shoreline development, coastal population growth, unforeseen natural hazards, harbor-port expansion and activity, wetland conversion, recreation and tourism, fisheries utilization, and energy facility siting will only increase in the future. (See the "1986 CSO Budget Survey" attached.)

Finally, the states are being asked to continue their role as the nation's stewards in the proper coordination and management of these often competing interests. This is a role the states readily accept, but it is clear that without a reasonable level of federal funding support, coastal states will be unable to either meet their obligations under the CZMA or maintain their coastal programs.

States Desiring to Participate in the CZM Program

The Administration asserts that "all states desiring to participate in this program have submitted, and are implementing their plans," and thus further funding for CZM is not necessary. This assertion is not accurate. Today, 28 of the 35 coastal states and territories, covering 90% of the nation's coastline, have implemented CZM plans. Currently, Ohio, where coastal legislation has been prepared with the support of Governor Celeste, and Virginia are considering joining this national program. The promise of federal funding support, was, and is, a major incentive for states to enter into, and remain in the business of managing the nation's coastal resources for the benefit of all U.S. residents. The door must not be shut on these remaining states and the remaining 10% of our nation's coastline.

Thus, Mr. Chairman and members of the Subcommittee, all of the Administration's public reasons for terminating this national program are not valid. The benefits are clearly national in scope, in addition to state and local benefits. Coastal state budgets cannot support the needed efforts to meet their national obligations under the CZMA or even maintain their coastal programs. And not all states desiring to participate in the CZM program have yet submitted their plans for federal approval.

RECOMMENDED APPROPRIATIONS

The CSO applauds the recent enactment of legislation to reauthorize the Coastal Zone Management Act for an additional five years. This brings a sense of certainty to the national CZM program, and allows the coastal states to make long-term plans and commitments needed to manage their coastal zones. Thus the question changes from "should we fund the national CZM program?" to "how much funding is appropriate?"

Section 306, 306A Grants Assistance

Over the last five years federal CZMA grant funding has been limited to maintaining existing federally-approved state CZM programs. An unfortunate result has been that states have been forced to redirect whatever Section 306 monies have been available towards the mere survival of core coastal programs. On top of this, the CZMA and federal regulations specify that states must spend 20 to 30 percent of their federally-appropriated Section 306 grant funds to fulfill certain significant improvement requirements, found in Section 303(2). This means that for every federal dollar a state receives for Section 306 programs, no more than 80 cents can be spent on the state's basic coastal program operations.

Last year the President also approved funding for state resource management improvement grants under Section 306A. This is only the second time money has been appropriated for Section 306A projects. Regrettably, this funding is also subject to the proposed rescission. The CSO urges the Committee to again support the allocation of a portion of a state's Section 306 administrative grant allotment for purposes of Section 306A.

Recognizing the extensive national benefits of Coastal Zone Management on the one hand, and the federal and state budget situations on the other, the CSO is dedicated to moving forward in a fiscally responsible manner. With this in mind, and assuming the FY86 CZMA rescission is rejected, the CSO asks for what effectively amounts to level funding compared to FY86. Member states of the CSO realize that in recommending this even level of federal CZMA funding for FY87, the coastal states must absorb the full cost of emerging federal ocean activities proposed for 1987. But on balance, the CSO feels that a Section 306 and 306A appropriation of $36.6 million is reasonable in terms of both the importance of continuing the national CZM program, and the federal budget goals that this nation must meet.

Section 309 Grants

The CSO believes that the coastal states' cooperative interstate and regional efforts to establish effective mechanisms for identifying and resolving mutual coastal resource concerns deserve continued federal funding support. A good example is the tri-state effort of Florida, Mississippi and Alabama. These three states are cooperating to develop a tri-state hurricane evacuation plan. As that plan is nearing completion, the states are considering utilizing Section 309 funds to produce a hurricane loss study and contingency plan. This type of effort has been succesful in a number of areas in Florida, and consists of assessing damage to public or private property, and developing plans to deal with the aftermath of a hurricane. Since Florida has completed a loss study, the first year's effort would be to conduct a loss study for Mississippi and Alabama, with Florida's advice and assistance. In the second year a contingency plan would be developed for Mississippi and Alabama, while addressing shortcomings in Florida's plans.

North Carolina and South Carolina are considering applying for Section 309 grants to coordinate their hurricane preparedness and evacuation programs. Both states are concerned with the impact of hurricanes on their coasts. The Carolinas' ability to safely evacuate residents and the large number of tourists would be significantly enhanced by such a coordinated interstate program funded under Section 309.

The eight Great Lakes states have also initiated the first phase of the Great Lakes Regional Water Quantity Data Management Project. Under this project the eight states will pool their data, in a common format, of water withdrawal, water return and consumptive use. Section 309 funding has been appropriated to fund the first stage of this project: identifying what data is collected, determining how to collect the data in a common format, and how to process it and easily retrieve it -- all in a timely fashion. The second phase, impossible without continued Section 309 funding, is implementation of this project. Once implemented, this eight-state program will be coordinated with NOAA, the USGS, and the Canadian government. Without continued 309 funding, the nation's investment in phase one of this program will come to naught.

Other examples are available but we feel that the message is clear: Section 309 programs, conducted at the state level, have great national interests in terms of saving lives and property in addition to maximizing coastal management efforts by individual states. To continue these programs, the CSO requests the full amount recently authorized to be appropriated in FY87, $1.5 million.

CONCLUSION

The need for appropriating federal funds for the national CZM program cannot be overemphasized. We applaud the five year reauthorization of the CZMA. But in order for the coastal states to responsibly meet their stewardship obligations for the nation's coastal zone, adequate funding must go hand in hand with the federal government's commitment to extend the program until 1991. Continued federal financial support of state CZM programs is clearly justifiable for the following reasons:

o First and foremost, funding the CZMA program directly supports national objectives for resource protection, hazard area management, urban waterfront revitalization, public access and economic development.

o Second, most coastal states are financially unable to carry full responsibility for managing this nation's ocean and coastal resources.

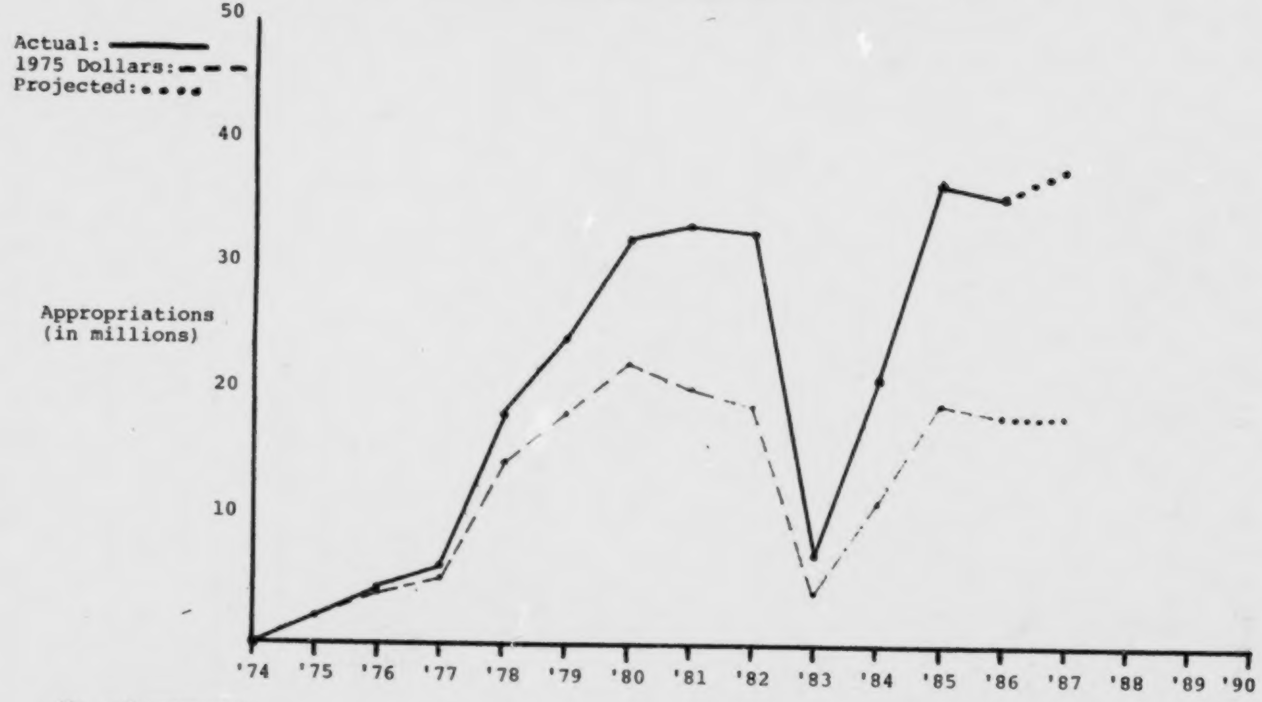
o Third, not all states desiring to join the national CZM program have yet done so. The door must be kept open to these remaining states.

In sum, the Coastal States Organization strongly urges this Subcommittee to reject the President's FY86 CZMA rescission and to approve what is effectively level funding to coastal states for FY87. In the deliberations for CZMA reauthorization, the CSO supported reducing the authorized amount of funding as part of the five-year reauthorization. The figure determined to reasonably fulfill the CZMA requirements for FY87 was $36.6 million for Section 306 and 306A grants, and $1.5 million for Section 309 grants. We now recommend appropriating exactly that.

Coastal states have shown a willingness to accept their legitimate role as managers of this nation's ocean and coastal resources and to form a strong, viable partnership with the federal government. They must, however, have the continued financial ability to do so. The Coastal States Organization respectfully urges this Subcommittee to again take a leadership role in preserving these important national programs by adopting our recommended funding levels for state coastal management grants to maintain this partnership.

Thank you.

1974 - 1987 Section 306, 306A & 309 CZMA Appropriations



	'75	'76	'77	'78	'79	'80	'81	'82	'83	'84	'85	'86	'87	'88	'89	'90
No. of approved CZM programs	0	1	1	14	3	6	1	2	0	0	0	(1)	-	-	-	-
Total approved CZM programs	0	1	2	16	19	25	26	28	28	28	28	(29)				

Source: Coastal States Organization (1986). Based upon U.S. Department of Commerce statistics and U.S. House of Representatives report on the Coastal Zone Reauthorization Act of 1985 (99-103)

IMPACT OF FEDERAL BUDGET CUTS ON STATE COASTAL PROGRAMS

Summary of CSO Survey April 1986

1. Impact on State Programs

If federal grants were severly cut back or eliminated, state coastal programs would suffer the following consequences:

1. There would be an overall reduction in planning and regulatory functions due to loss of staff to perform them. Most states would have to significantly reduce their coastal program staff. The following planning and regulatory activities would be impacted or eliminated:

   - coastal development permit processing time would significantly increase, causing either delays in approval or a higher percentage of rejections due to lack of time and resources to negotiate or mitigate;
   - federal consistency determination reviews would also be subject to lengthy delays and/or a lower rate of approval, due to lack of time to review for negotiation and mitigation of the impacts likely to result from federally-initiated development, and litigation would be more likely to occur;
   - many states would be forced to eliminate special management planning efforts, such as for shore protection, urban waterfront development, dredged material disposal siting/mitigation, water quality improvements, and shellfish management.

2. Many states pass through a significant portion of federal grant money to their local governments for local coastal planning and regulatory activities to address resource and land-use conflicts. If this source of funding is eliminated, local coastal planning efforts, which are intended in time to be the centerpiece of many state coastal programs for implementation of program initiatives, would be severely disrupted.

3. Public participation programs would be one of the first activities to disappear.

4. Reduction in staff would also hamper the states' ability to meet federal coastal program requirements to fulfill the national interest.

5. The coastal programs in the territories are funded almost entirely by the federal government, since the 20% matching grant is presently not required. Coastal zone management would come to a stand still in Guam, the Northern Marianas, and the Virgin Islands, just as tourism and related coastal development is sharply increasing. Puerto Rico and American Samoa would have to severely reduce their staffs, which would impair permitting and consistency activities, public education and various planning studies.

2. Stresses on the Coast

The national program must be continued with a sufficient level of funding to assist the states and territories in meeting the following challenges to their coasts:

A. COASTAL POPULATION GROWTH: year-round and seasonal growth and accompanying residential development has been steadily and in some cases, dramatically, increasing in the coastal regions of the states and territories.

- Maryland's Chesapeake Bay region population grew by 50% between 1950 and 1980.
- in Massachusetts, 7 of the 10 fastest growing towns are located in the coastal zone; for example, the town of Brewster has seen a 192% increase in population over the last decade.
- Florida's coast is being settled in record numbers: 3-4,000 people a week.
- Delaware has seen a steady influx of new second-home development and marinas over the past 15 years, despite the '70's recession, particularly along the inland bays.

- the eastern end of Long Island, New York is being taken over by subdivisions, particularly along the bayshore and in former fields and farmland; the summer population, with accompanying weekend traffic congestion and pressures on water supply, is proliferating.

- in South Carolina permitting applications and certifications for development have increased by 300% over the past four years; neighboring North Carolina has experienced a 400% increase.

- in Michigan there has been a 50% increase in permits for second-home and condominium development in the state overall, 30% of which are for the coastal area; permit applications to build in coastal erosion hazard areas rose dramatically last year from 10 per year to 100.

- condominium development is accelerating along the mostly rural coast of Maine.

- Rhode Island's coastal areas are seeing a steady rise in year-round residents; the latest development trend is subdivisions around salt ponds and the conversion of mansions to condominiums.

- Connecticut is experiencing a resurgence in mixed-use harbor development, including a heavy demand for marinas.

- in Virginia 2/3 of the state's population lives in the coastal region, representing 1/3 of the state's land area; the coastal population is expected to increase.

- 80% of California's population lives within an hour's drive of the coast; on a hot summer's day, 1/2 million people are at the beach.

- 90% of Alaska's population lives along the coast.

- the states of New Hampshire, Alabama and Mississippi are also seeing an explosion of second home development along their coastlines.

- tourism is accelerating rapidly in the Northern Mariana Islands, Guam, and the Virgin Islands, generating an expansion in coastal development: hotels, condominiums, marinas, recreational facilities, restaurants, and new infrastructure.

- many new subdivisions are planned for Guam to accommodate an influx of new residents from Hong Kong and the Philipinnes.

B. COASTAL ACTIVITIES AND PROBLEMS: present and future demands and land/water use conflicts.

- deterioration and restoration of urban waterfronts - water dependent v. non-water dependent uses: maritime and fishing industries and marinas competing with multi-million dollar hotel, office, shop, and condominium development projects
- demand for private marinas, condo-marinas, and houseboat access
- resorts - expansion of tourism and associated development; surface water use conflicts (fishing, boating, swimming)
- impacts on coastal water quality from watershed runoff from non-point sources - upland development, farming, and timber harvesting
- impacts on water supply from development - aquifer contamination, saltwater intrusion, lowering of water table
- beach erosion - construction in high risk erosion area, jetties, offshore sandmining
- hurricane damage mitigation/storm protection plans for barrier islands
- estuary management plans
- public access to shorelines
- preservation/acquisition of open space
- marsh management for mosquito control v. fish and wildlife habitat
- enhancement/restoration of degraded estuarine areas
- wetlands loss/conservation/acquisition
- water pollution in urban harbors
- dredged material disposal siting
- piers and docks for commercial and recreational fishing
- promotion of aquaculture
- other port development - shipping, barge slips, industry, commercial fisheries processing facilities, and onshore facilities for oil and gas operations
- impacts from current and expected offshore activities - oil and gas exploration, minerals mining, ocean incineration, and ocean disposal operations.

IMPACT OF FEDERAL BUDGET CUTS ON STATE COASTAL PROGRAMS

STATE	Impact on state program if FY86 CZM state grants are delayed or not awarded	Examples of increasing demands upon coast
Alabama	• Terminated • Estimated loss of 100 acres of wetlands per year, with resultant loss of fisheries • Loss of coordination with federal government for OCS activities • Loss of enforcement ability • If federal funds are cut, state would have to use available funds for higher, immediate priorities: health, safety, education	• 300% growth in certain areas (Pleasure Island), placing great strain on waste water disposal
California	• Permit monitoring and enforcement program would effectively be killed • Closure of Coastal Resources Information center • Significant reduction in Coastal Commission's ability to manage coastal development due to loss of staff/applicant working groups, gathering of technical data, and staff reductions • De facto granting of permits due to Commision inability to act on application within mandatory 90 day period • Limitation of port expansion and improvement due to preemption by other uses	• Offshore oil exploration and development • Ocean waste discharge • Constantly increasing coastal population • Decreasing public access to coastal areas • Military uses • Shoreline erosion • Diversion of fresh water into San Francisco Bay • Wetland draining and filling • Increase of homeporting of Navy ships • Corps of Engineers dredging
Connecticut	• Permit processing time will double • Beach access projects will terminate • Harbor management plans (Cooperation of Fed/Corps/State/Local) curtailed • CZM/Fisheries cooperation terminated • Enforcement capability reduced 50-60% • Technical staff reductions of 75%	• 7-1/2% increase in local CZM permits ('84-'85) • 45% increase in state permits • 10% increase in violation enforcement actions • Ocean incineration • Dredging (GE electric boat division)

STATE	Impact on state program if FY86 CZM state grants are delayed or not awarded	Examples of increasing demands upon coast
Delaware	• Wetlands management plan would be jeopardized • Loss of development advisory service • Environmental education program would be severely curtailed	• Inland bay population growth of 3-5% per year • Federally-permitted near-shore energy development • Ocean incineration
Florida	• Termination of state/local planning efforts in wetlands and estuarine management programs • Reduction in hurricane preparedness planing • Termination of CZM funded efforts to improve fed/state/regional local decision making process	• 75% of population in coastal counties • increase of non-point source pollution impacts on or near-shore • ocean incineration • OCS - oil/gas/mineral development • Everglades restoration
Hawaii	• Termination of program • Severely affect coastal ecosystem • Jeopardize public access to coastal areas • Destruction of historic and cultural coastal features	• Permit review and processing • Ocean management and resource development • Shoreline development
Maine	• Significant staff reductions • Permit review and processing delayed • Implementation of new state coastal legislation would be affected • Local projects and planning initiatives eliminated	• Tourist population • Waterfront development

STATE	Impact on state program if FY86 CZM state grants are delayed or not awarded	Examples of increasing demands upon coast
Maryland	• Non-tidal wetlands and other natural resource areas may be lost • Shorefront access projects not be undertaken • Loss of state/federal coordination • Significant staff reductions • Challenge of CZMA certification • Permit review and processing delayed • Local projects and coastal planning initiatives decreased	• Housing development along coast (200,000 units) • Tourism • 5-10 storms by the year 2000 • Coastal recreational facilities increase
Massachusetts	• Lose ability to develop strategies for natural resource protection • Reduction of coastal facilities construc- and reconstruction in coastal communities • Federal CZMA certification challenged • Permit review and processing delayed • Local projects and planning initiatives cut	• Coastal development protects • Tourism • Wetlands permit increase • OCS activities
Michigan	• Primarily affect local governments • Decrease in public access • Negative impact on wetlands restoration • Significant staff reductions • Local projects and coastal planning initiatives cut	• Large increase in construction activity • Rise of sea level increasing high hazard areas • Waterfront development
Mississippi	• Negative impact on 66,000 acres of tidal marsh and 370,000 acres of submerged waterbottoms • Reduced fishing enforcement activities • Significant staff reductions • Federal CZMA certification challenged • Permit review and processing delayed • Local projects and planning initiatives cut	• OCS activities • Waterfront industrial development • Increase in wetlands assessment • Urban waterfront activities

STATE	Impact on state program if FY86 CZM state grants are delayed or not awarded	Examples of increasing demands upon coast
New Hampshire	• Significant reduction in enforcement • Greatly diminish ability for long-term planning, resulting in a case-by-case reaction to problems, rather than avoiding or mitigating them • Significant staff reductions	• Increasing pressure for non-water related uses along the waterfront • Continuing threats to fill tidal wetlands • Inceasing strains on fresh water supply
New Jersey	• Less comprehensive permit review process • Complete cessation of all pass-through of money to local governments. • Water from redevelopment opportunities would be lost • Reduction of public access to coastal areas • Remaining staff will fully dedicate time only to permit review • National flood insurance expenditures will increase • Loss of coordination between state, NOAA and FEMA will result in greater jeopardy to lives and property due to severe storms and hazardous conditions	• Ocean incineration • Wetlands development • Federal navigation projects • OCS development
North Carolina	• Total loss of enforcement capability • Total loss of land use planning staff • Significant reduction in beach access program. • Extended permit application period due to loss of several field consultants	• Number of major permit applications has tripled to 1,100 per year since 1983 • Minor permit load continues to increase. • Corps of Engineers dredging. • OCS exploration and development

STATE	Impact on state program if FY86 CZM state grants are delayed or not awarded	Examples of increasing demands upon coast
Pennsylvania	• Termination of program • New program for monitoring coastal zone wetlands through digitizing maps from overflight photography would be lost. • Erosion reduction program on Lake Erie would be terminated • Total loss of enforcement at both state and local levels • Pre-permit consultation services would end	• Federal highway construction • Sand and gravel extraction in Lake Erie • Development of private lands without allowing public access to coastal areas • Army Corps of Engineers dredging
Wisconsin	• Termination of four major urban waterfront redevelopment projects crucial to revitalizing the coastal economy • Halting of state's efforts to prevent erosion due to extremely high lake levels • Ports would have great difficulty finding sites to dispose of polluted dredge materials. • 4 major port and 20 recreational harbor development projects would be slowed significantly	• State is a potential site for high-level radioactive dump site • Extremely high lake levels expected to continue for at least two more years • Fresh water use expected to double in 15 years • Army Corps of Engineers diversion of lake water
American Samoa	• Terminated • Enforcement of land-use system would be severely restricted • Permit review and processing significantly delayed	• Use of sand from beaches for construction because off shore sand supply depleted • Steady population growth, causing great demand for coastline development
GUAM	• Decrease in interagency coordination • Negative impacts on fish and wildlife habitat and resources	• Increase of unmitigated shore development • Loss of review of development activities on coast • 50% loss of land-use monitoring capabilities

STATE	Impact on state program if FY86 CZM state grants are delayed or not awarded	Examples of increasing demands upon coast
Puerto Rico	• Reduction in management of wetlands • Termination of hazard mitigation plans • Restrictions on public access • Reduction in program coordination with Virgin Islands	• Increased waterfront development • Tourism

TUESDAY, APRIL 8, 1986.

WEATHER SERVICES

WITNESS

JOHN BETHEA, NATIONAL ASSOCIATION OF STATE FORESTERS

Mr. SMITH. Mr. Bethea.

Mr. BETHEA. Thank you very much, Mr. Chairman. I appreciate the opportunity to appear.

I am here as a spokesman for the National Association of State Foresters. That is the heads of forestry agencies in the 50 States. We are vitally concerned with fire, forest fires and all the facets of forest fire management, and we are concerned with the proposed reduction again in the National Weather Service fire weather forecasting.

Mr. Chairman, with your permission, I would like to file the National Association's statement for the record and I would like to make some comment on that.

Mr. SMITH. Certainly.

Mr. BETHEA. In addition, with your permission, sir, I would like to file a statement by the Commissioner of Agriculture, Doyle Connor of the State of Florida, who also speaks to the need for strong fire weather forecasting, and in addition, also the Florida need for fruit, frost and agricultural forecasts. I have no further comment on that.

Mr. SMITH. Okay.

Mr. BETHEA. Thank you, sir.

[The statements of the National Association and Doyle Connor follow:]

STATEMENT OF THE NATIONAL ASSOCIATION OF STATE FORESTERS

BEFORE THE

HOUSE APPROPRIATIONS SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE, AND JUDICIARY

APRIL 8, 1986

Mr. Chairman and Members of the Committee, my name is John M. Bethea, State Forester of Florida, here as spokesman for the National Association of State Foresters, representing the 50 State Foresters of the Nation. We appreciate past support by this Committee and the opportunity to appear before you and discuss forest and wild land fire weather service needs for fiscal year 1987.

The National Association of State Foresters agrees that the Federal Budget should be reduced. However, the Association does not believe that the Federal Government should back away from its responsibility for providing timely fire weather services critical to the protection of the Nation's forests and wild lands from uncontrolled wildfires.

The Administration's Budget for 1987 reduces the 1986 appropriation for the National Weather Service by $800,000. We understand that $500,000 of this is to be replaced by a transfer of funds from the Bureau of Land Management to the Weather Service. The remaining $300,000 (8 positions) will be made up by not providing non-wildfire services such as information for prescribed burning and smoke management to non-federal users.

In our opinion both of these assumptions are totally unrealistic. Our Association strongly recommends that funding for fire weather services for 1987 be continued at the 1986 level.

Accurate and timely fire weather service is critical to all areas of fire management. This includes wildfires for control action; prescribed fire for hazard reduction to reduce damage from wildfires; and smoke management for the safety, health, and comfort of our citizens. Also fire weather information should be provided by areas and not by ownerships. Fire does not recognize ownership boundaries.

Increasing population, the transient nature of our population, and changes in desired living conditions from urban to wooded has pushed the management of smoke from prescribed fires and wildfires into a major role for fire managers. Heavy concentration of smoke in highly populated areas is not acceptable, and every year across the Nation major highway disasters occur from visibility reduction caused by smoke.

It is recognized that public safety is a responsibility of government at all levels. An effective level of fire weather service for all areas of fire management can best be provided by the National Weather Service. The current service should be strengthened and not reduced.

The 1985 fire season--the most severe this century--was an indication of the growing need for effective fire weather services in all areas of fire management, on both public and private lands, in both rural and suburban areas.

During the first nine months of 1985, over 83,000 wildfires burned almost three million acres, destroyed or damaged in excess of 1,400 structures and dwellings, caused the deaths of 44 civilians and fire fighters, and cost federal, state, local fire agencies, and private industry over $400 million in fire fighting costs. Final damage estimates to natural resources and property are not available, but figures run into the hundreds of millions of dollars.

The Southern States east of the Appalachian Mountains from Florida to Virginia, parts of New England, Idaho, Nevada, and Central California were especially hard hit by wildfires. National mobilization was needed in the Western States and in the South to cope with wildfires. During the first week of July, a total fire mobilization of over 20,000 federal and state fire fighters were committed to fires in 13 Western States, including massive fires in California, Idaho, Oregon, and Nevada.

The loss of property was the worst since 1871 when the Peshtigo Fire destroyed entire communities. Major losses of buildings occurred in Florida, North Carolina, and California, but reports of structure losses also came from Washington, South Carolina, Oregon, and New England. The number of structures saved by wild land fire fighters is not known, but it became routine for wildfire reports to list "structures threatened" in daily status reports. Because protection of property and lives took priority, natural resource losses increased when fire forces were diverted to protect structures.

The National Association of State Foresters believes that providing fire weather services is a responsibility of the National Weather Service. The protection of lives and property from wildfires should not be compromised for the lack of the relatively small expenditures needed to provide accurate and timely fire weather information.

Statement

by

Doyle Conner
Commissioner of Agriculture
State of Florida

before the

House Appropriations Subcommittee

on Commerce, Justice, State and Judiciary

April 8, 1986

Mr. Chairman, Members of the Subcommittee, I am Doyle Conner, Florida Commissioner of Agriculture. I have the honor and privilege to speak to you on behalf of our state's vast agricultural industries as well as our large forest industry.

Florida is one of the nation's leading states in the production of fresh vegetables, citrus fruit, foliage plants and flowers, beef cattle, watermelons, seafood, sugarcane and many other products which contribute to the quality of life we live. Florida also is a major producer of forest products.

The value of Florida's agricultural production last year, even though Florida lost approximately 200,000 acres of producing citrus groves in the previous five years to major freezes, was some $4.7 billion, which increased to approximately $16 billion by the time it reached consumers. Florida's standing as a major agricultural state is indicated by its ranking of fourth in the nation in 1984 in net farm income, reflecting the market value of fresh commodities and citrus products.

Our state has been the unfortunate target in recent years of major weather disasters. We have had severe freezes in four of the last six winter seasons, in 1981, 1982, the monstrous one at Christmas in 1983 and the freeze of the century in January of 1985 which administered the coup de grace to citrus groves trying to resume fruit production after surviving the ʹ83 freeze. Much of the citrus production in 14 counties in the northern belt of the citrus region is lost. Lake County, once our No. 2 county in citrus production, virtually is without any citrus production today.

Farm, grove and forest production are absolutely dependent on accurate weather information. Accurate forecasts of minimum temperatures are essential to the Florida fruit and vegetable growers. With advance warning of frost and freezing weather, the grove owners and vegetable growers can harvest early to avoid loss of the crops.

This information also lets them make the informed decision on when to put frost protection plans into action to save their crops using heaters, fogging machines, helicopters, wind machines, and irrigation or flooding to keep temperatures up or prevent frost from forming.

Accurate weather information is vital not only to farmers but also to members of the public in general. Florida is fortunate to have one of the nationʹs agricultural and fruit frost weather stations at Ruskin. It is not uncommon for the few personnel on duty there to receive from 300 to 500 telephone calls per day from an array of questioners ranging from the producer of a multi-million dollar crop to a vacationer seeking refuge from the wintry weather in the North.

The station also provides fire weather information to the state's Division of Forestry, U.S. Forest Service and national park service. Fire weather information is vital for successfully coping with situations such as we encountered in 1985, a year of record losses in forests, woodlands, and communities built in heavily-wooded areas such as Palm Coast, where we lost some 130 structures, mostly new homes valued at many thousands of dollars.

The Ruskin weather station provides many agricultural weather products: the Peninsular Florida Farm Area Minimum Temperature Forecast, the Minimum Temperature Survey, the Florida Farm Area Weather Forecast, the Weekly Weather Summary, and a climatological services program. From November 1 to March 31 of each year it issues the minimum temperature forecast, and on cold nights this is issued at two-hour intervals. The grower is able to make decisions based on this information on whether to spend energy and money on crop protection. The farm area weather forecasts are issued twice daily all year round. This information also guides growers in day-to-day operations to achieve maximum efficiency and economy.

We in the Department of Agriculture and Consumer Services operate the federal-state crop and livestock reporting service which provides highly-useful information to a variety of people in addition to agricultural interests from a statistical standpoint. It incorporates weather information from the

Florida agricultural weather station which receives data from about 150 locations during the frost season in a cooperative effort with the University of Florida Institute of Food and Agricultural Sciences and our Division of Forestry, Florida Citrus Mutual and other cooperatives, and growers.

As the elected official in Florida charged with overseeing the well-being of agriculture and forestry, I am completely and unalterably opposed to the termination of the agricultural weather and fruit frost warning services and to major reductions in the forest fire weather forecasting capability.

We do not ask for any increase in funding for this year, but would like to remind you that we agreed to a reduction in Florida operations at Ruskin long before the mandate of Gramm-Rudman was handed down, and that the expenditure of less than $1.5 million to continue agricultural weather services is well worth the cost in terms of savings of agricultural products from loss, which inflicts higher prices on the general public.

Mr. Bethea. As we understand it, the Administration proposes to reduce the National Weather Service fire weather forecasting by some $800,000 continuing it on a reduced scale.

In addition to that, they proposed to eliminate any information going to nonfederal lands in the areas of smoke management, not relating to wild fires. In other words, they would only address wild fires and that would be a serious blow to the fire management program, because in addition to the critical need for effective, timely fire weather forecasting for the control of fires—which is necessary for the protection of property as well as safety of firefighters—in addition to that, there is prescribed burning both agricultural and forest industry burning, to eliminate the hazard and danger of wild fire in the forest areas and also to help eliminate escape fires in agricultural burning.

Smoke management is becoming more and more critical from a safety standpoint in the protection of motorists on highways. Every year, in our State of Florida, we have more people killed because of smoke on highways. So the control of fires and described fire and smoke management is all wrapped up into a total package, and we urge that the funding be continued at 1986 levels and that no prohibition be made against providing services for the entire area of smoke management.

In 1985, the nation experienced one of the worst fire years since 1934. In addition to the tremendous acreage burned and the 100,000 or so wild fires, 44 lives were lost. We are starting in 1986, on a similar tack here in the East, where we have already experienced—I am sure you are aware of it—50,000 fires in probably as much as 100,000 acres. So it is a tremendous burden that the state forest industry agencies have to carry and it is very critical that we have this service if we are going to do our job effectively, efficiently and in a manner that the public is entitled to.

In summary, Mr. Chairman, the state foresters believe that the protection of life and property is a government responsibility. It is a responsibility of the government at all levels, and that level of government which can best provide support for the protection of life and property, that level of government should provide it.

In the area of weather, it is international, it is national, and we believe the National Weather Service is the logical one to not only provide at the present level, but to work to improve the service. However, we don't believe that we should, in deference to the deficit and the need to hold funding down, those improvements for the moment at least, should be made within the constraints of the present 1986 funding, so we would urge that the committee make every effort to continue '87 funding at the '86 level for the forest fire forecasting for the National Weather Service.

Mr. Smith. These motorists that are killed by smoke; is that because the smoke blinded them?

Mr. Bethea. Yes sir. It is a phenomena, as I understand it, that is like fog is a problem, but in fog you can see some distance. But with any smoke, mixed with fog, it is just like a blank wall. You absolutely can see nothing. What happens when either an eight wheeler or a motorist or a car hits fog with smoke, they do one of two things—they are both critical and deadly—they either speed up or they stop. If they speed up they hit somebody that has stopped.

We have had as many as, in Florida—these chain reactions which you hear about—as many as 40 vehicles in one time on interstates. They are more serious on interstates than any other highways in my personal view. It is because at night, the smoke settle down, when we don't have a reliable forecast that will indicate the smoke is going to continue to disperse, whether it is a wildlife or wild fire, it is an advantage to have forecasts, to set up roadblocks and so forth, along with the highway patrols and local law enforcement people. But if we don't know it is going to happen, then it creates this hazard and you have most of the trucks—big trucks like to move at night, and they move at high speeds. A lot of motorists like to move at night.

Mr. SMITH. Over 55?

Mr. BETHEA. Yes sir. In fact, on I-95 South you will get run over at 55.

Mr. SMITH. Okay, thank you.

TUESDAY, APRIL 8, 1986.

NATIONAL WEATHER SERVICE

WITNESS

JOHN QUADROS, PRESIDENT, NATIONAL WEATHER SERVICE EMPLOYEES ORGANIZATION

Mr. SMITH. John Quadros.

Mr. Chairman, I am the President of the National Weather Service Employees Organization.

The themes which run through my comments on the Administration's proposed National Oceanic and Atmospheric Administration budget are protecting the public safety and protecting the long run cost effectiveness for the taxpayer.

Our first criticism of the Administration's proposed budget concerns what it hides rather than what it presents. Instead of showing the difference between the FY 86 budget and the proposed fiscal year 1987 budget, the Administration creates a fictitious fiscal year 1987 base and then proceeds to compare its proposed fiscal year 1987 base. The reason we are concerned with this misleading technique is that there are huge discrepancies between the FY 86 budget and the fictitious fiscal year 1987 base.

National Oceanic and Atmospheric Administration told us:

"There are no documents containing an explanation of the administrative cost savings and the specific position titles and locations have not been identified."

First, we feel that it is a dereliction of responsibility to the Congress for the Administration to present totally unsubstantiated budget statements regarding a decrease of 260 positions. Second, the lack of concrete information makes it very difficult for us and other public commentators to determine whether such personnel cuts would adversely impact public safety.

Another similar discrepancy is a decrease of 728 positions as a result of A-076 contracting out programs. I have a lot of critical comments regarding contracting out, but let me first address these 728 positions. We made a Freedom of Information Act request to determine the geographical and organizational location of these positions, and the relationship of these positions to National Oceanic and Atmospheric Administration offices which are subject to A-76 reviews. Rather than identifying the 728 positions which would be cut, the official answer from the Department of Commerce referred to a formula developed by the Office of Federal Procurement Policy, and stated that:

"Using the OFPP formula, NOA's inventory of current A-76 reviews will produce savings of approximately $14.4 million. Given that National Oceanic and Atmospheric Administration's FY 85 and FY 86 appropriations were reduced $3.1 million and $4.1 million respectively for A-76 savings, the FY 87 estimate was determined to be $7.2 million . . ."

The department's answer is alarming since it assumes a predetermined result—that A-76 reviews will conclude that there should be a reduction of 728 positions. First, A-76 reviews are supposed to be objective, not predetermined.

Second, even if reductions are based on past experience, how can a doubling of the savings in previous two years be justified?

Third, it is our contention that National Oceanic and Atmospheric Administration functions that can be contracted out to the private sector without jeopardizing public safety, and therefore the practice should be stopped, and reversed in cases where key functions have already been contracted out.

We have repeatedly warned about the dangers of contracting out National Weather Service functions which are important in maintaining the public safety, and now we can point to a recent occurrence which underscores our warnings and puts the Administration's A-76 cost savings in perspective. I refer to the fatal crash of Delta Air Lines Flight 191 at the Dallas/Fort Worth Airport in Texas on August 2, 1985 in which 137 people were killed due to a weather phenomenon called wind sheer. The Dallas Airport has its weather observations contracted out, or in other words, the Dallas Airport's National Weather Service office is operated by a contractor and weather observations taken by the contractor's employees are relayed to the Fort Worth Weather Service Forecast Office, which is physically located many miles away. From reports in the media, it appears that Delta Air Lines has filed a $34 million claim against the Federal Aviation Administration and the National Weather Service, based upon alleged fault regarding proper warning of the Delta pilot of severe weather conditions.

Compare the potential $34 million liability with National Oceanic and Atmospheric Administration's total FY 85 contracting out savings of $3.1 million and its total FY 86 savings of $4.1 million. At that rate it would take eight years of A-76 savings to recoup the potential financial loss to the government from one disaster. If contracting out National Weather Service functions increases the risk of negligence at airports, then it simply should not be done, not only on human safety grounds, but as I have shown here, on economic grounds as well.

How can contracting out increase the risk to airports? First, the weather forecast function is not contracted out, only the observations. The contract observer does not have the authority to issue a limited terminal forecast.

Second, the contract observer may make a mistake in transmission of his observation. In the case of the Delta crash, the contract observer testified that he finished his observation at 1805 CDT, which was one minute before the crash, and that in the coded transmission of his observation he left off the "T", which means thunderstorm, in the body of the written observation.

I am not saying that the Delta crash was caused by contracting out the National Weather Service functions at Dallas Airport. I am not saying that it is nothing more than a coincidence that major weather related air disasters have occurred here at Washington National Airport and at the New Orleans Airport, both of which have had their National Weather Service functions contracted out. I am saying, however, that we should look to the future and upgrade National Weather Service facilities to make our airports safer, perhaps by co-locating National Weather Service personnel in the air traffic control towers along with FAA personnel so that the National Weather Service personnel have continuous 360 degree observational ability and can issue forecast amendments and communicate with controllers and pilots instantly.

There are many other instances of uneconomic or unsafe reductions contained in the Administration's proposed National Oceanic and Atmospheric Administration budget. For example, the Administration proposes the elimination of four Hawaii data buoys.

Likewise, the Administration proposes to reduce fire weather services, a move which will produce a greater risk to human safety and for potential economic loss, especially in Western states. The National Weather Service fire weather forecasters have already been eliminated in the Eastern U.S., and yet just last week the National Weather Service had to send a fire weather forecaster from the West to perform the fire weather functions in Roanoke, Virginia, an area which recently has experienced serious forest fires. How can we ever consider reducing these forecasters in the West, when we also need them in the East?

The funding for the Colorado River Basin flood warning system, the Susquehanna River Basin Flood warning system, and the integrated flood observing and warning system would be reduced under the proposed budget. Funding for emergency power for National Oceanic and Atmospheric Administration weather radio would be reduced, and in times of severe weather, at times when regular power systems might fail, is when National Oceanic and Atmospheric Administration weather radio is needed the most.

We just received a letter at the San Francisco National Weather Service Office stating that National Oceanic and Atmospheric Administration weather radio is great, but how come it is off the air during storms.

Besides proposed reductions which jeopardize public safety, there are proposed reductions that will hurt certain segments of our economy and, in the long run, end up costing more than they save. A good example is the proposed elimination of the agricultural weather services program, including the closing of seven National Weather Service offices, and eliminating the specialized agricultural fruit frost program. These cuts are apparently driven by a philosophy that such specialized agricultural forecasts should be the job of the private sector.

I do not dispute the value of private meteorological services offered to growers who can afford them. But do we let the many other growers suffer if they cannot afford extra cost of private forecasts? What if private services are not available? How do we protect the other segments of the economy which are dependent upon growers who cannot afford to purchase private forecasts? Everyone, from the trucker down to the consumer, suffers if a crop fails due to lack of public forecast services, and they cannot force the grower to purchase private forecasts if the grower cannot afford to do so.

Finally, the Administration proposes the reduction of meteorological technicians, and the reduction of GS Grades 11-15 in National Oceanic and Atmospheric Administration. We are continually faced with cutbacks of the number of personnel at National Weather Service offices, and now are faced with reductions of higher paid but experienced personnel. Fewer and less experienced National Weather Service employees are what we will end up with, a situation which greatly increases the risk to public safety and which will increase the cost to the taxpayer in the long run.

In addition to numbers and experience, the work environment for National Weather Service employees is also important to help maintain the highest of productivity from the present personnel. One recent problem we are having regarding the work environment is contained in a January 15, 1986 National Weather Service directive entitled "National Policy on Scheduling Work" which implements the Office of Personnel Management regulation 5 CFR 610.121(b)(2).

This regulation permits complete changes in an employee's schedule with virtually no notice. We believe that this regulation is designed for government employees who work during normal business hours and not for National Weather Service employees who are subject to unique shift rotation work schedules. We request that you prohibit the application of this regulation to National Weather Service employees.

We should enhance and upgrade the National Weather Service, not only with modern equipment, which is included in the budget, but also in the number of experienced employees. The National Weather Service is too lean now and it will become worse unless an enlightened approach is taken to stop the reductions in budget personnel. let us not be penny wise and pound foolish.

Thank you very much for allowing me to testify here today.

Mr. Smith. Thank you.

[The statement of Mr. Quadros follows:]

STATEMENT OF
JOHN QUADROS, PRESIDENT
NATIONAL WEATHER SERVICE EMPLOYEES ORGANIZATION
BEFORE THE
HOUSE SUBCOMMITTEE ON COMMERCE, JUSTICE,
STATE, THE JUDICIARY AND RELATED AGENCIES
OF THE
HOUSE APPROPRIATIONS COMMITTEE
ON
APRIL 8, 1986

Mr. Chairman and Members of the Subcommittee, my name is John Quadros, and I am President of the National Weather Service Employees Organization, and I work as a meteorologist in the San Francisco Forecast office.

Our organization is a union which represents employees of the National Weather Service (NWS) and the National Environmental Satellite Data and Information Service (NESDIS), both within the National Oceanic and Atmospheric Administration (NOAA). We have a strong interest in the NOAA FY 1987 budget and have first-hand knowledge of the likely impact which this budget will have on the general public.

The themes which run through my comments on the Adminstration's proposed NOAA budget are protecting the public safety and protecting the long run cost-effectiveness for the taxpayer. At the outset let me explain that although my comments are critical of the proposed budget, they are meant to be constructive criticism and not merely anti-everything that is being proposed by NOAA management. Some of the Adminstration's proposals, such as consolidation of the NWS regions, are good for the public in that they save money and do not diminish the quality of service or jeopardize public safety.

Our first criticism of the Administration's proposed budget concerns what it hides rather than what it presents. Instead of showing the difference between the FY 1986 budget and the Proposed FY 1987 budget, the Administation creates a fictitious FY 1987 Base and then proceeds to compare its proposed FY 1987 budget to the fictitious FY 1987 Base. The reason we are concerned with this misleading technique is that there are huge discrepencies between the FY 1986 budget and the fictitious FY 1987 Base. ①

One such discrepency is a decrease of 260 positions because of what the Administration described as "administrative cost savings". We made a Freedom of Information Act request to determine the titles and nature of these 260 positions, as well as their geographical and organizational locations, and we were officially answered by the Department of Commerce. I ask that our FOIA request and the Department's answer be included along with my statement in the record of this hearing. The Department answered us as follows:

> "There are no documents containing an explanation of the administrative cost savings ... [and] the specific position titles and locations have not been identified..."

First, we feel that it is a dereliction of responsibility to the Congress for the Administration to present totally unsubtantiated budget statements regarding a decrease of 260 positions. Second, the lack of concrete information makes it very difficult for us and other public commentators to determine whether such personnel cuts would adversely impact public safety.

Another similar discrepency is a decrease of 728 positions as a result of A-76 contracting-out programs. I have a lot of critical comments regarding contracting-out, but let me first address these 728 positions. We made a Freedom of Information Act request to determine the geographical and organizational location of these positions, and the relationship of these positions to NOAA offices which are subject to A-76 reviews. Rather than identifying the 728 positions which would be cut, the official answer from the Department of Commerce referred to a formula developed by the Office of Federal Procurement Policy (OFPP), and stated that:

> "Using the OFPP formula, NOAA's inventory [of current A-76 reviews] will produce savings of approximately $14.4 million. Given that NOAA's FY 1985 and FY 1986 appropriations were reduced $3.1 million and $4.1 million respectively for A-76 savings, the FY 1987 estimate was determined to be $7.2 million..."

The Department's answer is alarming since it assumes a predetermined result -- that A-76 reviews will conclude that there should be a reduction of 728 positions. First, A-76 reviews are supposed to be objective, not predetermined. Second, even if reductions are based on past experience, how can a doubling of the savings in the previous two years be justified. Third, it is our contention that NOAA functions that can be contracted-out to the private sector without jeopardizing public safety are growing fewer, not more. Fourth, we believe that contracting-out NWS functions is hazardous to the public safety, and therefore the practice should be stopped, and reversed in cases where key functions have already been contracted-out.

We have repeatedly warned about the dangers of contracting-out NWS functions which are important in maintaining the public safety, and now we can point to a recent occurance which underscores our warnings and puts the Administration's A-76 cost savings in perspective. I refer to the fatal crash of Delta Air Lines Flight 191 at the Dallas/Fort Worth (DFW) Airport in Texas on August 2, 1985 in which 137 people were killed due to a weather phenomenon called wind shear. The DFW Airport has its weather observations "contracted-out", or in other words, the DFW Airport's NWS office is operated by a contractor and weather observations taken by the contractor's employees are relayed to the Fort Worth Weather Service Forecast Office (WSFO), which is physically located many miles away. From reports in the media, it appears that Delta Air Lines has filed a $34 million claim against the Federal Aviation Administration (FAA) and the NWS, based upon alledged fault regarding proper warning of the Delta pilot of severe weather conditions.

Compare the potential $34 million liability with NOAA's total FY 1985 contracting-out savings of $3.1 million and its total FY 1986 savings of $4.1 million. At this rate it would take eight years of A-76 savings to recoup the potential financial loss to the government from one disaster. If contracting-out NWS functions increases the risk of negligence at airports, then it simply should not be done, not only on human safety grounds, but as I have shown here, on economic grounds as well.

How can contracting-out increase the risk at airports? First, the weather forecast function is not contracted-out, only the observations. The contract observer does not have the authority to issue a Limited Terminal Forecast. Second, the contract observer may make a mistake in transmission of his observation. In the case of the Delta Crash, the contract observer testified that he finished his observation at 1805 C.D.T., which was one minute before the crash, and that in the coded transmission of his observation he left off the "T", which means thunderstorm, in the body of the written observation,] although he had a very complete description of the thunderstorm in his "remarks" section.

[I am not saying that the Delta crash was caused by contracting-out the NWS functions at the DFW Airport. I am not saying that it is nothing more than a coincidence that major weather-related air disasters have occurred here at Washington National Airport and at the New Orleans Airport, both of which have had their NWS functions contracted-out. I am saying, however, that we should look to the future and upgrade NWS facilities to make our airports safer, perhaps by co-locating NWS personnel in the air traffic control towers along with FAA personnel so that the NWS personnel have continuous 360° observational capability and can issue forecast amendments and communicate with controllers and pilots instantly.

There are many other instances of uneconomic or unsafe reductions contained in the Administration's proposed NOAA budget. For example, the Administration proposes the elimination of four Hawaii data buoys used to collect meteorological data, despite the holding that the NWS was liable for the deaths of three fishermen in a fierce storm that forecasters failed to predict due to failure of a weather observation buoy.

Likewise, the Administration proposes to reduce fire weather services, a move which will produce a greater risk to human safety and for potential economic loss, especially in western states. The NWS fire weather forecasters have already been eliminated in the eastern U.S., and yet just last week the NWS had to send a fire weather forecaster from the west to perform the fire weather functions in Roanoke, Virginia, an area which recently has experienced serious forest fires. How can we ever consider reducing these forecasters in the west, when we also need them in the east.

The funding for the Colorado River Basin flood warning system, the Susquehanna River Basin flood warning system, and the integrated flood observing and warning system would be reduced under the proposed budget. Funding for emergency power for NOAA Weather Radio would be reduced, and in times of severe weather, at times when regular power systems might fail, is when NOAA Weather Radio is needed most. We just received a letter at the

San Francisco NWS office stating that NOAA Weather Radio is great, but how come it is off the air during storms.

Besides proposed reductions which jeopardize public safety, there are proposed reductions that will hurt certain segments of our economy and, in the long run, end up costing more than they save. A good example is the proposed elimination of the agricultural weather services program (including the closing of seven NWS offices) and eliminating the specialized agricultural fruit frost program. These cuts are apparently driven by a philosophy that such specialized agricultural forecasts should be the job of the private sector.

I do not dispute the value of private meteorological services offered to growers who can afford them. But do we let the many other growers suffer if they cannot afford extra cost of private forecasts? What if private services are not available? How do we protect the other segments of the economy which are dependent upon growers who cannot afford to purchase private forecasts? Everyone, from the trucker down to the consumer, suffers if a crop fails due to lack of public forecast services, and they cannot force the grower to purchase private forecasts if the grower can not afford to do so.

Finally, the Administration proposes the reduction of meterological technicans (met-techs), and the reduction of GS Grades 11-15 in NOAA. We are continually faced with cutbacks of the number of personnel at NWS offices, and now are faced with reductions of higher-paid but experienced personnel. Fewer and less-experienced NWS employees are what we will end up with, a situation which greatly increases the risk to public safety and which will increase the cost to the taxpayer in the long run.

In addition to numbers and experience, the work environment for NWS employees is also important to help maintain the highest level of productivity from the present personnel. One recent problem we are having regarding the work environment is contained in a January 15, 1986 NWS directive entitled "National Policy on Scheduling Work" which implements the Office of Personnel Management regulation 5 C.F.R. 610.121(B)(2). This regulation permits complete changes in an employee's schedule with virtually no notice. We believe that this regulation is designed for government employees who work during normal business hours and not for NWS employees who are subject to unique shift rotation work schedules. We request that you prohibit the application of this regulation to NWS employees.

We should enhance and upgrade the NWS, not only with modern equipment (which is included in the budget), but also in the number of experienced employees. The NWS is too "lean" now, and it will become worse unless an enhlightened approach is taken to stop the reductions in budget and personnel. Let us not be penny-wise and pound-foolish.

CHWAT/WEIGEND ASSOCIATES
CONGRESSIONAL & GOVERNMENT RELATIONS
400 FIRST STREET, N.W., SUITE 816
WASHINGTON, D.C. 20001
202/638-6400

February 24, 1986

Ms. Geraldine P. LeBoo
Central Reference and Records
Inspection Facility
Office of Information Management
U.S. Department of Commerce
Assistant Secretary for Administration
Herbert Hoover Building, Room 6628
Washington, D.C. 20230

Dear Ms. LeBoo:

This is to request, pursuant to the Freedom of Information Act, more detailed information regarding statements made in a document entitled "National Oceanic and Atmopsheric Administration Budget Estimates for Fiscal Year 1987 (Congressional Submission)" which was distributed to the U.S. Congress during the first week of February, 1986. Specifically, I request the following:

1. Any and all documents which contain an explanation regarding the statement made on page NOAA-38 which indicates that there is a decrease of 260 positions because of administrative cost savings. In particular, please indicate the titles and nature of these positions, as well as their geographical and organizational locations.

2. Any and all documents which contain an explanation regarding the statement made on page NOAA-38 which indicates that there is a decrease of 728 positions because of productivity improvement programs. In particular, please indicate the geographical and organizational location of these positions, the relationship of these positions to NOAA offices which are subject to current or future A-76 reviews, the status of such A-76 reviews, and the projected completion date of such A-76 reviews.

Please do not hesitate to call me if you need clarification of my request. I agree to pay for any search and reproduction costs you may assess.

Sincerely,

Robert E. Weigend

Robert E. Weigend

REW:clw

UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
Washington, D.C. 20230

OFFICE OF THE ADMINISTRATOR

March 11, 1986

Mr. Robert E. Weigend
Suite 816
400 First Street, N.W.
Washington, D.C. 20001

Dear Mr. Weigend:

This is in response to your request for information regarding NOAA's proposed reductions for administrative cost savings and A-76 for FY 1987.

There are no documents containing an explanation of the administrative cost savings proposed on NOAA-38. The Office of Management and Budget (OMB) regulates Federal personnel ceilings and directed NOAA to resubmit in FY 1987 the proposed administrative savings restored by Congress in FY 1986. The only distribution of these positions available at this time is by NOAA Line Office. The specific position titles and locations have not been identified to date because of recent administrative restructuring and proposed management reorganizations.

	Positions
National Environmental Satellite, Data, and Information Service.............	12
National Marine Fisheries Service...........	73
National Ocean Service......................	57
National Weather Service....................	58
Office of Oceanic and Atmospheric Research..	32
Office of the Administrator.................	28
Total................................	260

This is a preliminary distribution for budget presentation purposes only. If Congress approves this reduction, a revised distribution will be compiled and actual positions will be identified.

In response to your second request, attached is the A-76 Productivity Improvement Program inventory which was the basis for projecting the savings identified in NOAA's FY 1987 budget. The inventory list also provides other relevant information including location, number of positions to be reviewed (full-time equivalents--FTE) and study review start and completion dates.

The Office of Federal Procurement Policy (OFPP), based on government-wide experience with A-76, developed a formula to project savings based on agencies' A-76 inventory lists. Using the OFPP formula, NOAA's inventory will produce savings of approximately $14.4 million. Given that NOAA's FY 1985 and FY 1986 appropriations were reduced $3.1 million and $4.1 million respectively for A-76 savings, the FY 1987 estimate was determined to be $7.2 million as reflected on NOAA-38 in the FY 1987 Congressional budget.

W M Everett
Walter M. Everett
Acting Chief
Budget Division

Attachment

cc:
CRRIF - G. LeBoo
IMS2

[illegible]

[illegible]

NOAA
↓

[illegible]	Name of Activity	Location of Activity	Description of Activity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]-35-C	Software Analysis for Scientific Computer	Gaithersburg, MD	Installs system software and adapts this software to function on available hardware.	9.0	/ /	/ /	/ /	U.	*1*	
[illegible]-36-C	Technical Support for Scientific Computer	Gaithersburg, MD	Provides the human link between the user community and the hardware, software, and procedures which comprise the computing facility.	16.0	/ /	09/30/86	09/30/87	F	*1*	
[illegible]-37-C	Communications for Scientific Computer	Gaithersburg, MD	Ensures communications network is compatible and tunable for efficiency and reliability.	4.0	/ /	/ /	/ /	U.	*1*	
[illegible]-38-C	Engineering for Scientific Computer	Gaithersburg, MD	Provide technical interface between Bureau and system contractor.	2.0	/ /	/ /	/ /	U.	*1*	
[illegible]-45-C	Plant Operations	Boulder, CO	Grounds maintenance, control steam, electric shop, pipe shop, construction shop, paint shop, a/c and refrigeration.	35.0	/ /	07/09/85	09/30/86	F	*2*	
[illegible]-46-C	Plant Operations	Gaithersburg, MD	Grounds maintenance, control steam, electric shop, pipe shop, construction shop, paint shop, sheet metal shop, a/c and refrigeration.	125.0	/ /	10/31/85	01/31/87	F	*2*	
[illegible]-47-C	Plant Operations	Gaithersburg, MD	Janitorial service, mail service, supply operations, shuttle service, and auto repair.	52.4	/ /	09/30/85	12/31/87	F	*12*11*	
[illegible]	MASC Library	Boulder, CO	Provides library and information services in the fields of interest of the Boulder, CO complex. (MASC).	15.0	/ /	09/01/83	01/20/86	F	*6*	Administrative support
[illegible]	MASC Supply Services	Boulder, CO	Provides supply management services (including procurement) for the MASC.	30.0	/ /	05/01/83	03/15/86	F	*11*	" "
[illegible]	National Climatic Data Center	Asheville, NC	Provides ADP, archival, and technical support services for the National Climatic Center.	114.0	/ /	04/01/83	03/01/86	F	*1*2*9*	Satellite & Information Services
[illegible]	Library and Information Services	Rockville, MD	Provides library and information services for both NOAA and non-NOAA interests.	20.0	/ /	04/01/83	03/01/86	F	*9*	" " "

[illegible]

[illegible]

[illegible]	Name of Activity	Location of Activity	Description of Activity	[illegible]	[illegible]	[illegible] Start date	[illegible] Date	[illegible] of [illegible]	[illegible] Categories 1-14				
[illegible]-C	Satellite Operations Control Center	Suitland, MD*	Environmental satellite operations. *Also Wallops Island, VA and Fairbanks, AK.	50.0	/ /	01/01/86	02/01/87	F	[illegible]	Satellite & Data Information Ser.			
[illegible]-C	Office of Satellite Data	Suitland, MD	Satellite data collection, processing, and distribution.	142.0	/ /	06/01/86	09/30/87	F	[illegible]	"	"	"	"
[illegible]-C	Office of Satellite Research & Applications	Suitland, MD	ADP Services, sensor calibration and technical services.	32.0	/ /	06/01/85	09/30/87	F	[illegible]	"	"	"	"
[illegible]-C	Satellite CDA Station	Wallops Is., VA/Fairbanks, AK	Environmental Satellite operations.	102.0	/ /	09/30/85	09/01/86	F	[illegible]	"	"	"	"
[illegible]-C	National Climatic Data Center	Asheville, NC, Suitland, MD	Climate records processing, systems programming, climate library and satellite data operations.	90.0	/ /	06/01/86	09/30/87	F	[illegible]	"	"	"	"
[illegible]-C	National Oceanographic Data Center	Washington, DC	Data base management, product delivery, and systems development.	55.0	/ /	06/01/86	09/30/87	F	[illegible]	"	"	"	"
[illegible]-C	National Climatic Data Center	Asheville, NC	ADP programming integral to research.	6.0	/ /	/ /	/ /	IR	[illegible]	"	"	"	"
[illegible]-C	National Geophysical Data Center	Boulder, CO	ADP programming integral to research.	3.0	/ /	/ /	/ /	IR	[illegible]	"	"	"	"
[illegible]-C	National Marine Fisheries Service	Miami, FL	Provide computer operations, and systems analysis support for NMFS.	60.0	/ /	09/01/85	10/26/86	F	[illegible]	Fisheries Programs			
[illegible]-C	National Marine Fisheries Service	Washington, DC/Field	Provides scientific publication and editorial services for NMFS.	30.0	/ /	09/01/85	12/26/86	F	[illegible]	"	"		
[illegible]-C	NE Fisheries Center Activities	Woods Hole, MA	Provides ADP and facilities maintenance support for the Northeast Fisheries Center, NMFS.	39.0	/ /	09/26/85	11/22/86	F	[illegible]	"	"		
[illegible]-C	SE Fisheries Center Activities	LaJolla, CA	Provides ADP support for the Southeast Fisheries Centers, NMFS.	33.0	/ /	09/01/85	04/08/86	F	[illegible]	"	"		

U.S. DEPARTMENT OF COMMERCE

COMMERCIAL ACTIVITY INVENTORY PROGRAM: REVIEW LIST

Identifier	Name of Activity	Location of Activity	Description of Activity	Approx. Number of FTEs	Date of Last Review	Review Start Date	Review Due Date	Type of Review	Function Codes 1-15	
NOA-4013-C	Hawaii Regional Weather Service Activities	Honolulu, HI	Provides electronic maintenance for NWS instrumentation at the WSFO, Honolulu, HI. Provides weather observations and communications support for the WSFO, Honolulu, HI.	21.0	/ /	11/01/73	02/26/86	F	[illegible]	National Weather Service
NOA-4015-C	NWS New York Area Airport Observations	New York, NY and Newark, NJ	Provides aviation observations at the NY/Kennedy WSO, the Newark WSO, and the NY/LaGuardia WSO.	16.0	/ /	10/01/84	05/15/86	F	n/a	" " "
NOA-4017-C	NWS LA Area Airport Observations	Los Angeles & Long Beach, CA	Provides aviation observations at the Los Angeles International WSO/AM, and the Long Beach WSO.	14.0	/ /	04/01/84	04/15/86	F	n/a	" " "
NOA-4018-C	Dulles Airport Observations	Chantilly, VA	Provides aviation observations at the Wash/Dulles International WSO.	9.0	/ /	05/01/83	07/15/86	F	n/a	" " "
NOA-4019-C	NMC Computer Operations	Suitland, MD	Provide comprehensive computer services to NOAA components as well as other DOC organizations. Responsibilities include installation, testing, modification, and operation of NMC computers.	50.0	/ /	10/01/84	02/01/86	F	n/a	" " "
NOA-4020-C	O'Hare Airport Observations	Chicago, IL	Provides aviation observations at the Chicago/O'Hare WSO.	6.0	/ /	05/01/83	04/15/86	F	n/a	" " "
NOA-4021-C	NWS Overseas Operations	Silver Spring, MD	Support of overseas weather operations.	31.0	/ /	12/01/85	11/01/86	F	[illegible]	" " "
NOA-4022-C	NWS Integrated Systems Laboratory	Silver Spring, MD	Systems development engineering.	37.0	/ /	04/01/86	09/30/87	F	n/a	" " "
NOA-4023-C	NWS AFOS Operations Division	Silver Spring, MD	Operation of communications systems.	65.0	/ /	10/01/85	06/01/87	F	n/a	" " "
NOA-4024-C	NWS Training Center	Kansas City, MO	Electronics and meteorological training.	42.0	/ /	01/01/86	07/01/87	F	[illegible]	" " "
NTIA-01-C	Messenger Service	Washington, DC	Transportation of classified material between Washington, D.C. and Annapolis, MD.	1.0	/ /	/ /	/ /	IR	n/a	

NOAA ↑

[illegible]

PRODUCTIVITY [illegible]

Identifier	Name of Activity	Location of Activity	Description of Activity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	Hydrographic Surveys Branch	Rockville, MD	Planning activities for hydrographic surveys.	21.0	/ /	10/01/85	05/01/87	[illegible]	[illegible]	National Ocean Service
[illegible]	Office of Ocean & Coastal Resource Mgt.	Washington, DC	Loan servicing.	2.0	/ /	/ /	/ /*	[illegible]	[illegible]	" " "
[illegible]	Office of Marine Operations	Rockville, MD	Engineering.	35.0	/ /	10/01/85	04/01/87	F	[illegible]	" " "
[illegible]	Office of Aircraft Operations	Miami, FL	Aircraft operations.	88.0	/ /	04/01/85	10/01/86	F	[illegible]	Office of Aircraft Ops
[illegible]	GFDL Computer Operations	Princeton, NJ	Provides ADP support for the research activities conducted at GFDL.	16.0	/ /	05/01/83	03/21/86	F	[illegible]	Oceanic & Atmospheric Research
[illegible]	Atlantic Oceanographic Meteorological Lab.	Miami, FL	Facilities management and maintenance.	12.0	/ /	04/01/85	07/01/86	F	[illegible]	" " "
[illegible]	NWS Engineering Activities	Washington, DC*	Provides maintenance, reconditioning, and quality control in support of the NWS technical equipment program. Provides engineering, facilities, and instrumentation support to NWS field installations. Provides a full spectrum of engineering support activities for the National Weather Service. *Also Kansas City, MO; Ft. Worth, TX; Salt Lake City, UT; Garden City, NY.	214.0	/ /	05/01/80	09/01/86	F	[illegible]	National Weather Service
[illegible]	Communications Operations	Suitland, MD	Provides for the installation, operation, adjustment, and maintenance of communications equipment for NWS.	44.0	/ /	06/01/83	10/15/85	F	[illegible]	" " "
[illegible]	Alaska Regional Weather Service Activities	Anchorage and Fairbanks, AK	Provides engineering, facilities and instrumentation support to NWS field installations. Provides electronic maintenance for NWS instrumentation in the Anchorage, AK area. Provides electronic maintenance for NWS instrumentation at the WSFO, Fairbanks, AK. Provides aviation observations at the Fairbanks WSFO.	35.0	/ /	03/01/84	05/01/86	F	[illegible]	" " "

U.S. DEPARTMENT OF COMMERCE

PRODUCTIVITY MANAGEMENT PROGRAM REVIEW LIST

Identifier	Name of Activity	Location of Activity	Description of Activity	Approx. Number of FTEs	Date of Last Review	Review Start Date	Review Due Date	Type of Test	Functional Category 1-16	
[illegible]-C	Office of Data & Information Management	Washington, DC	ADP support.	7.0	/ /	10/01/85	10/01/86	F	[illegible]	Fisheries Programs
[illegible]-C	Financial Services Division	Washington,DC/Field	Fisheries obligations, guaranteed loans, and Fishery Loan Fund processing in Washington, DC and the regions.	30.0	/ /	05/24/85	11/22/86	F	[illegible]	" "
[illegible]-C	Office of Utilization Research	Washington,DC/Field	Seafood inspection program.	136.0	/ /	09/24/85	11/22/86	125	[illegible]	" "
[illegible]-C	Aeronautical Chart Branch	Rockville,MD	Constructs and maintains aeronautical charts and related publications to meet the requirements of civil-military aviation.	148.0	/ /	03/31/83	10/01/86	F	[illegible]	National Ocean Service
[illegible]-C	Marine Chart Branch	Rockville, MD	Constructs and maintains nautical charts, Coast Pilots, and other related marine publications.	52.0	/ /	03/31/83	10/01/86	F	[illegible]	" " "
[illegible]-C	Geodetic Resources Management	Rockville, MD	Establishes, improves, and maintains a basic horizontal and vertical network of geodetic control. Provides technical and logistical support to geodetic field units and compiles, publishes, and maintains information for the geodetic user community.	292.0	/ /	03/31/83	10/01/86	F	[illegible]	" " "
[illegible]-C	Atlantic Marine Center	Norfolk, VA	Provides operational and technical support (including ship operation) for all hydrographic, oceanographic, and marine resource activities at AMC.	142.0	/ /	03/31/83	04/21/86	F	[illegible]	" " "
[illegible]-C	Pacific Marine Center	Seattle, WA	Provides operational and technical support (including ship operations) for all hydrographic, oceanographic, and marine resource activities at the PMC.	376.0	/ /	03/01/84	10/01/86.	F	[illegible]	" " "
[illegible]-C	Photogrammetry Branch	Rockville, MD	Photogrammetry.	100.0	/ /	04/01/86	09/30/87	F	[illegible]	" " "
[illegible]-C	Office of Ocean Services	Washington, DC	Graphic arts.	4.0	/ /	/ /	/ /	[illegible]	[illegible]	" " "

TUESDAY, APRIL 8, 1986.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION FUNDING

WITNESS

MIKE QUIGLEY, GREAT LAKES ENVIRONMENTAL RESEARCH LABORATORY

Mr. SMITH. Mike Quigley.

Mr. QUIGLEY. My name is Michael A. Quigley. I am an ecologist in the Ecosystem and Nutrient Dynamics Group at National Oceanic and Atmospheric Administration's Great Lakes Environmental Research Laboratory in Ann Arbor, Michigan. Today, however, I testify as President of the union representing scientists and support staff at the laboratory.

On behalf of Great Lakes Environmental Research Laboratory's Staff, I would like to begin by thanking this subcommittee for the enlightened and persistent bipartisan support they have demonstrated in reinstating Great Lakes Environmental Research Laboratory's budget in response to the Reagan Administration's four successive attempts to close our laboratory. We were zeroed out in budgets proposed from FY 83 through FY 86. These closure attempts have continued in spite of:

1) Recognition of GLERL as one of National Oceanic and Atmospheric Administration's outstanding research laboratories.

2) Two reclama requests from the Department of Commerce to the Office of Management and Budget to Reinstate Great Lakes Environmental Research Laboratory within the Administration's proposed budgets of FY 85 and FY 86.

3) Repeated diplomatic notes from Canada warning that Great Lakes Environmental Research Laboratory's closure would violate Great Lakes Research commitments outlined in the United States-Canada 1978 Water Quality Agreement.

I regret that OMB's steadfast refusal to acknowledge the broad and persistent congressional support of our lab has forced the House and Senate to periodically restore Great Lakes Environmental Research Laboratory's funding over the years. It is unfortunate that Congress must annually commit its time and resources in renewing a program that has been recognized as essential both inside and outside the Administration.

Four successive years of proposed zero funding has been costly and disruptive to our lab's operation. It has been difficult to sustain high quality research in the shadow of impending program termination. It has affected our morale and has resulted in loss of key personnel who left to accept more secure jobs elsewhere. They include one senior scientist two mid-level managers and our publications editor of ten years. This attrition is further compounded by difficulty in hiring replacements because qualified candidates have been reluctant to leave a previous position to face an uncertain future at Great Lakes Environmental Research Laboratory.

In February, I was encouraged to learn that OMB has finally recognized the critical need for allowing Great Lakes Environmental Research Laboratory to continue its work on the Great Lakes.

OMB now proposes to fund our laboratory at a reduced level of $3.0 milllion, a 21 percent reduction from FY 86 funding of $3.8 million. Although a fiscal year 1987 funding level of $3 million would devastate our program, OMB's position shift is highly significant because it now means that for the first time in four years, the Administration has gone on record in support of continuing federal research on the Great Lakes as a national resource, rather than simply a regional responsibility left up to the Great Lakes states.

I am disappointed that OMB did not see fit to proposed adequate funding for Great Lakes Environmental Research Laboratory in fiscal year 1987. Unless Congress can offset this proposed funding reduction, our lab's management will be forced to: 1) Eliminate all temporary staff. These positions are held primarily by students of the University of Michigan and Eastern Michigan University. These individuals are critically important in data collection and processing. Moreover, the in-service training they receive is important in developing another generation of competent and experienced Great Lakes scientists.

2) Lay off a yet undetermined number of permanent staff through reduction in force action.

3) Terminate most of all, of our present sampling activity including the operation of Great Lakes Environmental Research Laboratory's research vessel, the R/V Shenehon.

4) Cancel all extramural contracts supporting cooperative research with universities. Erosion of Great Lakes Environmental Research Laboratory's budget has already forced termination of a cooperative project with the University of Michigan on the cycling of toxic contaminants in the Great Lakes. This is the best example of the damaged caused by Great Lakes Environmental Research Laboratory's budget erosion over the past four years. Toxic contaminants are recognized as the most serious threat to Great Lakes water quality and a 1985 report by the National Research Council and Canada's Royal Society has recommended further research and development of large lake transport/fate models of toxic contaminant cycling.

5) Curtail other research activities to cover additional costs associated with the lab's consolidation with a new rental facility. In 1984, this subcommittee appropriated $350K to support consolidation within a new rental building. I am happy to report that last Friday, we broke ground for this building and anticipate its completion in January of 1987. Again, we thank Congress for its key role in making this consolidation possible.

Additional annual costs for rent and utilities on the new buildings are expected to amount to $40K. Assuming a January '87 occupation date, additional costs for the remainder of fiscal year 1987 would amount to $303K. This figure, combined with restoration of our FY 86 base budget of $3.8 million results in a final figure of $4.14 million required for fiscal year 1987. This funding level, at least, would allow us to absorb costs associated with the new building, while maintaining our activities at present levels. It will not allow us to fill the seven vacant temporary positions, to renew terminated extramural contracts with universities, or to improve our instrumentation to state of the art sophistication. We have postponed attempts to secure funding in these areas in deference to the critical need to reduce our nation's budget deficit. I would like to point out however, that since 1980, Great Lakes Environmental Research Laboratory has suffered a net loss in buying power of 27 percent through FY 86. Under Gramm-Rudman, Great Lakes Environmental Research Laboratory's buying power is expected to further diminish to about half of the 1980 level for fiscal year 1987.

I would like to emphasize, however, that there is another deficit we must consider. It is a growing and potentially dangerous deficit in our understanding of the Great Lakes ecosystem. The 1985 National Research Council/Canadian Royal Society report concludes that: "The human population living in the Great Lakes Basin is exposed to and accumulates more toxic chemical burden than other human populations in similarly large regions of North America for which data is available."

It also notes that: "The difference appears to be largely due to the higher contaminant levels of food products derived from the lakes and the basin." In the future, our ability to clean up and control toxic contaminants will depend largely on our knowledge of how these compounds are cycled through the system.

In closing, I would like to remind the subcommittee that it can offset further erosion of federal Great Lakes research efforts by also supporting reinstatement of the Sea Grant program. Sea Grant research at universities in Michigan, Wisconsin, Ohio, Minnesota, New York and Illinois/Indiana have long demonstrated their vital importance in the intelligent and cost effective management of Great Lakes resources. This is the fifth straight year that Sea Grant has been zeroed out. It is difficult to understand why this valuable program continues to be ignored.

Thank you very much for allowing me to testify here today.

Mr. SMITH. Thank you.

TUESDAY, APRIL 8, 1986.

SECURITIES AND EXCHANGE COMMISSION

WITNESS

ROYCE GRIFFIN, NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION, INC.

Mr. SMITH. Mr. Royce Griffin? We will insert your statement in the record.

Mr. GRIFFIN. Thank you, I would appreciate that.

Mr. Chairman, I am the Colorado Security Commissioner and I am also the President of the North American Securities Administrators Association. NASAA, as that organization is called, is the association over the 65 state and provisional securities administrators, from the United States, Canada, and Mexico. We are charged with the responsibility for administration and enforcement of the securities laws. NASAA works to protect investors and to ensure that the securities markets in this continent operate with a minimum of abuse.

I appreciate the opportunity to appear before your subcommittee to discuss the fiscal year 1987 Securities and Exchange Commission budget request. As I have stated in my prepared testimony, the states very much admire and applaud the efforts of the Securities and Exchange Commission. There is no question that they are committed and dedicated federal agency, but I cannot agree entirely with Chairman Shad's contention that all things are sailing along smoothly on this regulatory front.

I would comment to your attention an article that appeared in Forbes Magazine last year, which reported that fraudulent activity is at its highest point in American history, amounting to perhaps $40 billion a year or more.

Well, not surprisingly, faced with this problem, the number of fraudulent complaints received by the Securities and Exchange Commission, the National Association of Securities Dealers, and the States, have increased dramatically. In FY 1980 the Securities and Exchange Commission received 18,500 complaints. Five years later, it received 31,500 , up to 42 percent increase. In California in '80 the National Association of Security Dealers received 171 complaints. In '85, just five years alter, it received 3,414, up more than 300 percent.

State complaints in '81 totaled 2,867. In 1985, states received 5,283 complaints, up 83 percent in four years.

Now, over the past ten years, the volume of transactions on the stock market has increased more than 700 percent. According to testimony offered by Richard Phillips, who is the Chairman of the American Bar Association Federal Regulation of Securities Committee, there has been a 75 percent increase in public offerings of securities registered with the Securities and Exchange Commission.

A 220 percent increase in the number of broker dealers registered with Securities and Exchange Commission.

A 400 percent increase in the number of registered representatives associated with those broker-dealers.

A 225 percent increase in the number of registered investment advisors.

A 75 percent increase in the number of registered investment companies with assets in 1985 of more than $525 billion, a 600 percent increase since 1975.

Although statistics are much harder to find, our state experiences indicate that there is a similar growth in activity of the unlicensed, unregistered, con men operations which constitute the Mr. Hyde to the legitimate industry's Dr. Jekyll.

Clearly the Commission staff has not been able to keep up with marketplace and under the circumstances we should not expect it to.

I would point out that during this same five year period, the Commission staff has been reduced five percent in actual numbers of bodies. Commissioner Aulana Peters recently expressed concern that inaction could undermine the Securities and Exchange Commission credibility. Peters told the Wall Street Journal that word gets out on the street, if you limit your greed to a $1 million Ponzi scheme you aren't going to get any flack from the Securities and Exchange Commission.

There is one particular area I would like to stress today, and that is the funding of the Securities and Exchange Commission's EDGAR project, that electronic gathering and retrieval system.

It clearly has the potential for reducing staff time and paperwork, freeing up resources for other important efforts. The states, however, have serious concerns about our role in it. For EDGAR to be a successful system the states must be considered integral parts of the federal system rather than adjuncts. If the purpose of the system is to cut time and paperwork from registration, then the states and Securities and Exchange Commission must work in tandem, because it is the final stage of review that determines when an issue will actually come to the market.

The states have a deep concern about the proposed state need in the EDGAR funding, which locates states access outside of and separate from the Securities and Exchange Commission central processing unit in a separate computer system. This design we are told was created for security reasons.

A spokesman for Bechtel Corporation, one of the expected bidders on the EDGAR project, upon reviewing the Securities and Exchange Commission's release of this design, stated that it would cost approximately $12 million to construct the state node in even a rudimentary fashion. The Securities and Exchange Commission is only allocating $2.5 million for this purpose.

Now, the states don't know where we are going to get the money to construct this separate computer system, and we have serious concerns about the operation of EDGAR under such a structure.

In conclusion, Mr. Chairman, I would point out that we still have a highly respected and extremely efficient securities market in this country, but if adequate funding does not come forward to improve the status of Securities and Exchange Commission enforcement efforts, we may not in ten years be able to come before the committee and make that same statement.

Thank you.

[The statement of Mr. Griffin follows:]

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Statement of Royce O. Griffin
Colorado Commissioner of Securities
President,
North American Securities Administrators Association

Before the Appropriations Subcommittee on
Commerce, Justice, and State, the Judiciary
and Related Agencies
U.S. House of Representatives

April 8, 1986

Mr. Chairman and Members of the Subcommittee:

I am Royce Griffin, Colorado Securities Commissioner and president of the North American Securities Administrators Association (NASAA). NASAA is the association of the 65 state and provincial securities administrators from the United States, Canada and Mexico, charged with the responsibility for administering and enforcing securities laws. NASAA works to protect investors and to ensure that the securities markets operate with a minimum of abuse. I appreciate the opportunity to appear before the Subcommittee today to discuss the fiscal 1987 Securities and Exchange Commission budget request.

U.S. securities markets are widely viewed as the safest, fairest and most efficient capital markets in the world. Our capital markets have facilitated the extraordinary economic growth experienced in this country. Securities regulation plays a key role in promoting investor confidence in the capital markets. Investor confidence benefits the securities industry and entreprenuers who seek to raise capital for business ventures. Most importantly, effective securities regulation promotes economic growth by protecting access to investment funds by honest, productive businesses.

The staff of the Securities and Exchange Commission (SEC) works diligently to maintain investor confidence in our capital markets. In our many years of working with the SEC staff, we have been impressed with their level of commitment, professionalism and effort to maintain an adequate level of investor protection, despite overstrained resources due to budget cutbacks.

Although NASAA members are responsible for administering state securities laws and regulations, they are also interested in the promotion of investor protection at the federal level. State securities officials work closely with the SEC and other federal agencies responsible for regulating the capital markets. To a large extent, state-federal efforts complement each other.

Members of our association are located in all 50 states. We work with investors in every local securities market in the nation. From Fort Lauderdale to Salt Lake City and from Wall Street to Spokane, we see the real world of today's securities markets. I'm here to report that all is not well in America's investment markets. We are in the midst of a serious outbreak of securities fraud. As Forbes Magazine reported last year, fraudulent activity is at its highest point in U.S. history, amounting to $40 billion or more a year. Why? The number of Americans seeking greater returns on investments has risen. The range and diversity of investment instruments has grown as well, just as the deregulatory wave has reached high tide. Not suprisingly, the number of fraud complaints received by the SEC, the National Association of Securities Dealers (NASD) and the states has soared. In fiscal 1980, the SEC received 18,500 complaints; in 1985 it received 31,500, up 42 percent. In calender year 1980, the NASD received 1,071 complaints; in 1985 it received 3,414, up more than 300 percent. State complaints in 1981 totaled 2,867; in 1985 states received 5,263 complaints, up 83 percent.

To police this expanded marketplace is an intimidating undertaking. Fortunately, the Commission has a dedicated staff of professionals that have long been an example of outstanding public service, and I want to applaud them for their efforts. Since its creation in 1934, the SEC has played a criticial role in protecting investors and maintaining confidence in our markets. However, in recent years, the ability of the SEC to carry out its important investor protection mission has been threatened. The industry, both legitimate and illegitimate, has expanded in size and complexity; yet the staff at the SEC has remained at or below levels of more than 5 years ago.

Consider the difficulty of the SEC's task. Over the past 10 years the volume of transactions in equity securities has increased more than 700 percent. According to testimony offered by Richard Phillips, former SEC staff member and current Chairman of the Committee on Federal Regulation of Securities of the American Bar Association, before the House Subcommittee on

Telecommunications, Consumer Protection and Finance (March 5, 1986), this 10 year growth record has been accompanied by a tremendous increase in the Commission's workload, including:

- a 75 percent increase in public offerings of securities registered with the SEC;
- a 220 percent increase in the number of broker-dealers registered with the SEC;
- a 400 percent increase in the number of registered representatives associated with those broker-dealers;
- a 225 percent increase in the number of registered investment advisers;
- a 75 percent increase in the number of registered investment companies -- with assets in 1985 of more than $525 billion, a 600 percent increase since 1975.

Although the statistics are more difficult to come by, the state experiences indicate a similar growth in activity of the unlicensed, unregistered, con men operations which constitute the Mr. Hyde to the legitimate industry's Dr. Jekyll.

While the securities markets have experienced phenomenal growth, the size of the SEC's staff has decreased: from 2,144 staff members ten years ago to 2,046 staffers currently -- almost a five percent decrease. Clearly the Commission staff has not been able to keep up with the expansion of the marketplace, and under the circumstances, we should not expect it to. Although the Commission has achieved impressive productivity gains, it cannot, and will not, squeeze more out of its able staff indefinitely.

The dilution of investor protection safeguards at the federal level has not gone unnoticed by the scam peddlers and market manipulators. Evidence reveals that the SEC cannot adequately maintain investor safeguards with its limited resources. Startling statistics offered by Mr. Phillips indicate that:

o Injunctive actions and administrative proceedings instituted by the Commission have declined from 316 in 1975 to 265 in 1985;

o In 1985, the total number of respondents named in both injunctive actions and administrative proceedings was only 584. In 1975, the Commission enjoined 749 persons in injunctive actions alone;

o The decline in enforcement activity took place notwithstanding a tripling of investor complaints in 1985 from those received in 1975.

There has been a selective retrenchment in the enforcement efforts of the agency. Efforts to combat insider trading and stock manipulation have been admirable, but those constitute only a small component of investor fraud in this nation. The SEC seldom investigates tax shelters or "exotic securities" matters. With few exceptions, it has shied away from major takeover battles. And, the Commission has pulled out of all smaller-scale frauds, including the plethora of Ponzi schemes that have swept the nation in recent years. Commissioner Aulana Peters recently expressed concern that inaction could undermine the SEC's credibility. Peters told the Wall Street Journal that "Word gets out on the Street: if you limit your greed to a $1 million Ponzi scheme, you aren't going to get any flak from the SEC."

The beleagured Division of Corporate Finance has not fared any better operating with an expanded market and shrinking resources. In 1985, analysts were able to review only approximately 20 percent of the annual reports and proxy materials filed with the agency, and only 5 percent of quarterly and other interim reports. Analysts are reviewing less than one percent of the flood of 13-D reports on significant stock purchases. Less than ten years ago, virtually all 13-D reports were being checked, while half of the interim reports and two-thirds of the annual reports were fully reviewed. The odds of an annual report's being scrutinized should be much better, so that unscrupulous companies will not be tempted to falsify their figures.

Finally, I would like to discuss one of the Commission's major priorities in recent years, the EDGAR project. It clearly has the potential for reducing staff time and paperwork, freeing up resources for other important efforts. The states, however, have serious concerns about our role in it. For EDGAR to be a successful system, the states must be considered integral parts of a federal system rather than adjuncts. If the purpose of the system is to cut time and paperwork from registration, then the states and the SEC must work in tandem, because it is the final stage of review that determines when an issue will become available to the market.

The states have a deep concern about the proposed "state node" which locates state access outside of and separate from the SEC's central processing unit, and into a separate computer system. This design was created, we are told, for "security" reasons.

A spokesman from Bechtel Corporation, one of the expected bidders on the EDGAR project, upon reviewing the SEC's release on this design, stated that it would cost approximately $12 million to construct the state node in even a rudimentary fashion; the SEC is only allocating $2.5 million for this purpose.

Over the last two months, NASAA has responded vigorously to the Commission's proposal with written comments. We have made those documents available to Subcommittee staff and discussed the issue with them. We applaud the idea of EDGAR, and we remain optimistic that we can work with the SEC for an effective system. But EDGAR must be designed so that it is both usable and affordable to state regulators.

Chairman Shad recently reported to the House Telecommunication, Consumer Protection and Finance Subcommittee that there has not been an excessive increase in illegal activity and that the Commisison's resources are keeping pace with the increase in trading activity and customer complaints. I respectfully disagree. We are not unaware of budgetary restraints upon the entire federal government. But can we afford to wait until there is a major financial collapse before acknowledging that the SEC's resources have not kept pace with the real world growth of investment markets? I would urge the Subcommittee to seriously consider the alternative of increasing the SEC's budget so that it can adequately carry out its investor protection mission. This can be done within the confines of Gramm-Rudman by increasing the fees associated with the Commission's regulatory role. And, as Mr. Phillips pointed out in his testimony last month, the industry is willing to accept those increases. It is a well recognized and necessary step to take now so that ten years from now the then-Chairman of the SEC can come before you and proudly say, as he can today, "America has today by far the best securities markets the world has ever known -- the broadest, the most active and efficient, and the fairest."

Mr. SMITH. What portion of these new securities needs to be coordinated between the states and Securities and Exchange Commission?

Mr. GRIFFIN. Most all of them do. Inasmuch as we operate on a federal system, much like the FBI and the State Police we complement each other and in order to sell a security in a given state it must be registered in that state as well as registered in with the Federal Government and Securities and Exchange Commission.

The states are in the same position really that the Federal Government is budget-wise. We all have budget problems, yet the State of Florida, for example, recently added 56 new employees to a department that had 20, because of the increase in the growth of the securities markets.

Mr. SMITH. Are some of those securities sold only in Florida?

Mr. GRIFFIN. Very few. There are intrastate securities markets but they really don't constitute a very large percentage of the national activity.

Mr. SMITH. I see. They would add 56 where they only had 20?

Mr. GRIFFIN. That is correct.

The State of New Jersey I think almost tripled its staff in recent years. In fact, this year they added 18 to a staff in the neighborhood of six or seven.

These problems that the states are facing are partially caused by the retreat by Securities and Exchange Commission from the securities markets.

Mr SMITH. I see. Okay, thank you.

Mr. GRIFFIN. Thank you.

Mr. SMITH. We will reconvene at 2 o'clock in 2359.

TUESDAY, APRIL 8, 1986.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

WITNESS

HON. WALTER B. JONES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. SMITH. The first witness is Walter Jones.

Glad to have you with us this afternoon.

The Chairman of the Merchant Marine Committee, Mr. Walter Jones.

We will insert your entire statement in the record.

Mr. JONES. Thank you, Mr. Chairman and members of the subcommittee.

I appreciate the opportunity to present my recommendations for fiscal year 1987 funding of the ocean, coastal, and fisheries programs administered by the National Oceanic and Atmospheric Administration, NOAA, in the Department of Commerce. I will refer to these generally as the "ocean programs." These programs lie within the principal jurisdiction of the Committee on Merchant Marine and Fisheries. In fiscal year 1986, they accounted for about 37 percent of the agency's total budget.

In my remarks this afternoon, I will only summarize the broad effects of the President's 1987 budget submission and make some general recommendations. However, my written testimony contains detailed, program-by-program recommendations and requests which I hope you will consider. In particular, in Appendix III, I have requested your consent for a reprogramming of funds to support management efforts in the Albemarle-Pamlico Estuary. That happens to be my district.

Mr. Chairman, the Merchant Marine and Fisheries Committee has consistently supported efforts to reduce Federal deficits by recommending the leanest possible budgets for programs within its jurisdiction. Last year, in testimony before this subcommittee, we advocated program funding levels that were either at, or under, the fiscal year 1985 freeze level. Your subcommittee adopted many of our recommendations, and ultimately the NOAA budget for 1986 was $100 million less than the agency's 1985 budget.

Also, because of the Gramm-Rudman-Hollings law, NOAA was forced to accept another $51 million in cuts during 1986. Therefore, because of reduced appropriations and Gramm-Rudman cuts, the agency's budget was cut by nearly 12 percent from 1985 to 1986 without any noticeable reduction in agency activities. This reflects the fact that we have all worked responsibly to find appropriate savings.

Mr. Chairman, with this as background, I would like to bring to your attention the presidential budget proposal which is seriously flawed. It represents a tremendous backward step, and will result in the elimination of NOAA as the lead civilian ocean agency.

Despite our good-faith effort to reduce spending by this agency in 1986, the Administration has come back with a sledge hammer. The 1987 budget proposes total cuts of $375 million for NOAA—a reduction of 32 percent below the 1986 level. Cuts of this magnitude will effectively destroy the agency given the reductions already made during 1986.

No major program area has been exempted from these cuts. But the vast majority are in the ocean programs. As I noted earlier, the ocean programs account for only 37 percent of the entire NOAA budget. However, in the President's proposal, ocean programs are targeted for 67 percent of the total cuts.

Overall, the President would reduce funding for ocean programs by more than 43 percent below the 1986 level. Under this budget proposal, NOAA will be forced to drop its traditional responsibilities in resource management and ocean research. The agency's ocean role would be reduced largely to one of charting and fisheries regulation.

Mr. Chairman, in addition to direct budget cuts, inflation has also had a dramatic effect on the ocean programs of this agency. Based on inflation numbers obtained from the Congressional Budget Office, funding for the NOAA ocean programs has lagged behind inflation by $217 million from 1981 to 1986. This means that the ocean programs have lost an average of 11 percent of their annual spending power each year since 1981. I cannot emphasize strongly enough that this agency has accepted its share of the deficit reduction burden.

My recommendation for the agency reflects this belief. For fiscal year 1987, the entire ocean component of the NOAA operations, research, and facilities account should be maintained at the post-Gramm-Rudman level of 1986. As a result of my specific program recommendations, the budget for NOAA ocean programs would be significantly reduced below the post-Gramm-Rudman level. I would recommend that this surplus be allocated to update, maintain, and operate laboratories of the National Marine Fisheries Service.

Assuming that the atmospheric component of NOAA is also frozen at the post-Gramm-Rudman level, this would translate into a baseline 1987 funding level of $1.13 billion for the entire operations, research, and facilities account. This funding level is $30 million less than the Congressional Budget Office baseline of $1.16 billion.

As I mentioned earlier, I have included detailed program recommendations and requests in attached appendices. I respectfully request that the appendices, and my recent letter to you opposing the 1986 rescission proposals for coastal zone management and sea grant, be made part of your subcommittee's record.

Thank you for providing me with the opportunity to present these views and for your thoughtful consideration of my views in the past.

Mr. Smith. We will make that a part of the record.

[The statement of Mr. Jones and appendices follow:]

STATEMENT OF THE HONORABLE WALTER B. JONES, CHAIRMAN
COMMITTEE ON MERCHANT MARINE AND FISHERIES
BEFORE THE
SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE, THE JUDICIARY, AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
ON
THE F.Y. 1987 OCEAN, COASTAL, AND FISHERIES PROGRAMS OF THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Room 2359A
April 8, 1986
2:00 pm

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

/I APPRECIATE THE OPPORTUNITY TO PRESENT MY RECOMMENDATIONS FOR FISCAL YEAR 1987 FUNDING OF THE OCEAN, COASTAL, AND FISHERIES PROGRAMS ADMINISTERED BY THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION (NOAA) IN THE DEPARTMENT OF COMMERCE. I WILL REFER TO THESE GENERALLY AS THE "OCEAN PROGRAMS". THESE PROGRAMS LIE WITHIN THE PRINCIPAL JURISDICTION OF THE COMMITTEE ON MERCHANT MARINE AND FISHERIES. IN F.Y. 1986, THEY ACCOUNTED FOR ABOUT 37 PERCENT OF THE AGENCY'S TOTAL BUDGET.

IN MY REMARKS THIS AFTERNOON, I WILL ONLY SUMMARIZE THE BROAD EFFECTS OF THE PRESIDENT'S 1987 BUDGET SUBMISSION AND MAKE SOME GENERAL RECOMMENDATIONS. HOWEVER, MY WRITTEN TESTIMONY CONTAINS DETAILED, PROGRAM-BY-PROGRAM RECOMMENDATIONS AND REQUESTS WHICH I HOPE YOU WILL CONSIDER. IN PARTICULAR, IN APPENDIX THREE, I HAVE REQUESTED YOUR CONSENT FOR A REPROGRAMMING OF FUNDS TO SUPPORT MANAGEMENT EFFORTS IN THE ALBEMARLE-PAMLICO ESTUARY. ①

MR. CHAIRMAN, THE MERCHANT MARINE AND FISHERIES COMMITTEE HAS CONSISTENTLY SUPPORTED EFFORTS TO REDUCE FEDERAL DEFICITS BY RECOMMENDING THE LEANEST POSSIBLE BUDGETS FOR PROGRAMS WITHIN ITS JURISDICTION. LAST YEAR, IN TESTIMONY BEFORE THIS SUBCOMMITTEE, WE ADVOCATED PROGRAM FUNDING LEVELS THAT WERE EITHER AT, OR UNDER, THE F.Y. 1985 FREEZE LEVEL. YOUR SUBCOMMITTEE ADOPTED MANY OF OUR RECOMMENDATIONS, AND ULTIMATELY, THE NOAA BUDGET FOR 1986 WAS $100 MILLION LESS THAN THE AGENCY'S 1985 BUDGET.

ALSO, BECAUSE OF THE GRAMM-RUDMAN-HOLLINGS LAW, NOAA WAS FORCED TO ACCEPT ANOTHER $51 MILLION IN CUTS DURING 1986. THEREFORE, BECAUSE OF REDUCED APPROPRIATIONS AND GRAMM-RUDMAN CUTS, THE AGENCY'S BUDGET WAS CUT BY NEARLY 12 PERCENT FROM 1985 TO 1986 WITHOUT ANY NOTICEABLE REDUCTION IN AGENCY ACTIVITIES. THIS REFLECTS THE FACT THAT WE HAVE ALL WORKED RESPONSIBLY TO FIND APPROPRIATE SAVINGS.

MR. CHAIRMAN, WITH THIS AS BACKGROUND, I WOULD LIKE TO BRING TO YOUR ATTENTION THE PRESIDENTIAL BUDGET PROPOSAL WHICH IS SERIOUSLY FLAWED. IT REPRESENTS A TREMENDOUS BACKWARD STEP, AND WILL RESULT IN THE ELIMINATION OF NOAA AS THE LEAD CIVILIAN OCEAN AGENCY.

DESPITE OUR GOOD-FAITH EFFORT TO REDUCE SPENDING BY THIS AGENCY IN 1986, THE ADMINISTRATION HAS COME BACK WITH A SLEDGE-HAMMER. THE 1987 BUDGET PROPOSES TOTAL CUTS OF $375 MILLION FOR NOAA -- A REDUCTION OF 32 PERCENT BELOW THE 1986 LEVEL. CUTS OF THIS MAGNITUDE WILL EFFECTIVELY DESTROY THE AGENCY GIVEN THE REDUCTIONS ALREADY MADE DURING 1986.

NO MAJOR PROGRAM AREA HAS BEEN EXEMPTED FROM THESE CUTS, BUT THE VAST MAJORITY ARE IN THE OCEAN PROGRAMS. AS I NOTED EARLIER, THE OCEAN PROGRAMS ACCOUNT FOR ONLY 37 PERCENT OF THE ENTIRE NOAA BUDGET. HOWEVER, IN THE PRESIDENT'S PROPOSAL, OCEAN PROGRAMS ARE TARGETED FOR 67 PERCENT OF THE TOTAL CUTS. OVERALL, THE PRESIDENT WOULD REDUCE FUNDING FOR OCEAN PROGRAMS BY MORE THAN 43 PERCENT BELOW THE 1986 LEVEL. UNDER THIS BUDGET PROPOSAL, NOAA WILL BE FORCED TO DROP ITS TRADITIONAL RESPONSIBILITIES IN RESOURCE MANAGEMENT AND OCEAN RESEARCH. THE AGENCY'S OCEAN ROLE WOULD BE REDUCED LARGELY TO ONE OF CHARTING AND FISHERIES REGULATION.

MR. CHAIRMAN, IN ADDITION TO DIRECT BUDGET CUTS, INFLATION HAS ALSO HAD A DRAMATIC EFFECT ON THE OCEAN PROGRAMS OF THIS AGENCY. BASED ON INFLATION NUMBERS OBTAINED FROM THE CONGRESSIONAL BUDGET OFFICE, FUNDING FOR THE NOAA OCEAN PROGRAMS HAS LAGGED BEHIND INFLATION BY $217 MILLION FROM 1981 TO 1986. THIS MEANS THAT THE OCEAN PROGRAMS HAVE LOST AN AVERAGE OF 11 PERCENT OF THEIR ANNUAL SPENDING POWER EACH YEAR SINCE 1981. I CANNOT EMPHASIZE STRONGLY ENOUGH THAT THIS AGENCY HAS ACCEPTED ITS SHARE OF THE DEFICIT REDUCTION BURDEN.

MY RECOMMENDATION FOR THE AGENCY REFLECTS THIS BELIEF. FOR F.Y. 1987, THE ENTIRE OCEAN COMPONENT OF THE NOAA OPERATIONS, RESEARCH, AND FACILITIES ACCOUNT SHOULD BE MAINTAINED AT THE POST-GRAMM-RUDMAN LEVEL OF 1986. AS A RESULT OF MY SPECIFIC PROGRAM RECOMMENDATIONS, THE BUDGET FOR NOAA OCEAN PROGRAMS WOULD BE SIGNIFICANTLY REDUCED BELOW THE POST-GRAMM-RUDMAN LEVEL. I WOULD RECOMMEND THAT THIS SURPLUS BE

ALLOCATED TO UPDATE, MAINTAIN, AND OPERATE LABORATORIES OF THE NATIONAL MARINE FISHERIES SERVICE.

ASSUMING THAT THE ATMOSPHERIC COMPONENT OF NOAA IS ALSO FROZEN AT THE POST-GRAMM-RUDMAN LEVEL, THIS WOULD TRANSLATE INTO A "BASELINE" 1987 FUNDING LEVEL OF $1.13 BILLION FOR THE ENTIRE OPERATIONS, RESEARCH, AND FACILITIES ACCOUNT. THIS FUNDING LEVEL IS $30 MILLION LESS THAN THE CONGRESSIONAL BUDGET OFFICE BASELINE OF $1.16 BILLION.

AS I MENTIONED EARLIER, I HAVE INCLUDED DETAILED PROGRAM RECOMMENDATIONS AND REQUESTS IN ATTACHED APPENDICES. I RESPECTFULLY REQUEST THAT THE APPENDICES, AND MY RECENT LETTER TO YOU OPPOSING THE 1986 RESCISSION PROPOSALS FOR COASTAL ZONE MANAGEMENT AND SEA GRANT, BE MADE PART OF YOUR SUBCOMMITTEE'S RECORD.

THANK YOU FOR PROVIDING ME WITH THE OPPORTUNITY TO PRESENT THESE VIEWS, AND FOR YOUR THOUGHTFUL CONSIDERATION OF MY VIEWS IN THE PAST.

APPENDIX I

THE HONORABLE WALTER B. JONES, CHAIRMAN
COMMITTEE ON MERCHANT MARINE AND FISHERIES

DETAILED RECOMMENDATIONS/REQUESTS

FOR

NOAA OCEAN AND COASTAL PROGRAMS

MERCHANT MARINE AND FISHERIES COMMITTEE
National Oceanic & Atmospheric Administration (Commerce)
Recommendations of Chairman Walter B. Jones (WBJ)

(in thousands of dollars)

ACCOUNT/PROGRAM	FY '86 Approp.	FY '86 Approp. after GRH	FY '87 Admin. Req.	FY '87 WBJ Request
I. OPERATIONS, RESEARCH & FACILITIES (TOTAL)				
A. Ocean & Coastal Programs				
1. Non-Living Marine Resources				
a) ocean minerals (Deep Seabed Mining)	1,525	1,549	1,589	1,549
b) ocean energy (OTEC)	0	0	0	0
2. Ocean & Great Lakes Research				
a) Ocean Climate Research	13,168	12,600	11,138	12,600
b) National Undersea Research Program	9,635	9,220	0	9,220
c) Ocean and Great Lakes Prediction and Research	13,885	13,286	10,820	13,286
3. Ocean Services				
a) Ocean and Great Lakes assessments and services	28,789	27,547	20,102	27,547
b) National Marine Pollution Program	1,301	1,245	1,309	1,245
4. Sea Grant	40,250	38,514	0	38,514

ACCOUNT/PROGRAM	FY '86 Approp.	FY '86 Approp. after GRH	FY '87 Admin. Req.	FY '87 WBJ Request
5. Coastal Zone Management				
a) Estuarine Sanctuaries	2,059	1,970	1,259	1,970
b) Marine Sanctuaries	2,852	2,729	2,196	2,729
c) State Grants (Sec. 306 & 306A)	35,000	33,491	0	33,491
d) Interstate Grants (Sec. 309)	1,000	957	0	957
e) Program Management	3,253	3,113	2,420	3,113
6. Mapping, Charting, and Geodesy Programs				
a) Nautical Chart Service	17,474	16,721	16,548	16,721
b) Coastal Mapping	3,844	3,678	3,796	3,678
c) Geodetic Reference System	15,949	15,261	13,623	14,543
B. Satellite and Environmental Data and Information Services				
1. Ocean Data Services	5,129	4,908	5,138	4,908
C. Program Support				
1. Executive Direction & Administration				
a) Executive Direction and Central Administration Support	47,497	45,449	47,985	46,449
b) Retired Pay Commissioned Officers	4,632	4,632	5,019	5,019
c) NACOA	500	479	0	0
2. Marine Services				
a) Ship Operations	36,450	34,878	26,104	34,878
b) Ship Maintenance and Support Services	22,264	21,304	21,407	21,304
II. Coastal Energy Impact Fund	-8,000	-7,656	-8,300	-8,300
TOTAL	298,456	285,875	182,153	285,421

NON-LIVING MARINE RESOURCES/OCEAN MINERALS (DEEP SEABED)

(in thousands of dollars)

FY '86 Approp.	FY '86 Approp. after GRH	FY '87 Admin. Req.	FY '87 WBJ Recommend.
1,525	1,549	1,559	1,549

Program Description:

This line item funds NOAA's licensing, permitting and related activities under the Deep Seabed Hard Minerals Resources Act for the exploration and commercial recovery of manganese nodules from the deep seabed. In support of its licensing and permitting authority, NOAA is required to: (1) engage in environmental and ocean-related research to assure that development occurs in an environmentally compatible manner; (2) help establish a system whereby the United States and other nations recognize each other's seabed mining legal regimes and activities; and (3) facilitate compatibility among such activities.

Effect of President's Recommendation on Program

The Administration's request would keep the program running at a slightly higher level than the pre-Gramm-Rudman, 1986 level.

Recommendation

The program should be funded at the post-GRH level of $1,549,000. This slight reduction will not appreciably affect program implementation.

NON-LIVING MARINE RESOURCES/OCEAN ENERGY

(in thousands of dollars)

FY '86 Approp.	FY '86 Approp. after GRH	FY '87 Admin. Req.	FY '87 WBJ Recommend.
0	0	0	0

Program Description:

This line item provides for the administration of the Ocean Thermal Energy Conversion (OTEC) Act of 1980. Specifically, NOAA is required to issue licenses for U.S. OTEC facilities and plantships, to conduct environmental assessments and support ocean research pertinent to OTEC development, and to support international negotiations affecting the framework for OTEC development.

Effect of President's Recommendation on Program

The FY '87 Administration's request of zero funding for this program is consistent with the FY '86 appropriation, which did not fund the Ocean Energy line item.

Recommendation

The Administration's request is acceptable. It is generally assumed that upon receipt of any license applications adequate funding for processing and evaluation will be provided through reprogramming or supplemental appropriations.

OCEAN RESEARCH/OCEAN CLIMATE RESEARCH

(in thousands of dollars)

FY '86 Approp.	FY '86 Approp. after GRH	FY '87 Admin. Req.	FY '87 WBJ Recommend.
13,168	12,600	11,138	12,600

Program Description:

Ocean Climate Research activities are aimed at improving the understanding of the roles the ocean plays in determining global climate patterns. Currently, the most important area of research is the international Tropical Oceans and Global Atmosphere (TOGA) program which investigates the air-sea interactions and the ultimate climatic effects associated with the El-Nino phenomenon.

Effect of President's Recommendation on Program

The President's recommendation will decrease the ocean climate research budget by $2,000,000. This decrease, in combination with other cuts proposed in the Atmospheric and Climate Research budget, will result in total reductions in the TOGA program of approximately $2 million. As a result, the U.S. TOGA Program will be unable to meet scheduled international obligations, unable to participate in research in the Indian ocean, and less able to carry on work in the Western Pacific. Modeling and assessment work will also be diminished. The TOGA program is a long-term, international cooperative program and consistent funding will be a prerequisite to its ultimate success.

Recommendation

A consistent level of support for NOAA's Ocean Climate Program can be provided at $12,600,000 in FY 1987.

OCEAN RESEARCH/NATIONAL UNDERSEA RESEARCH PROGR

(in thousands of dollars)

FY '86 Approp.	FY '86 Approp. after GRH	FY '87 Admin. Req.	FY '87 WBJ Recommend.
9,635	9,220	0	9,220

Program Description:

This program funds a number of deep and shallow-water submersibles which provide NOAA and the scientific community with the opportunity to conduct research in several different underwater environments. This includes the ALVIN (a deep-sea submersible funded jointly by the National Science Foundation, the U.S. Navy, and NOAA) and other submersibles used in the Atlantic, Pacific, Caribbean, Gulf of Mexico, and in the Great Lakes. Funds are also provided for research in diver physiology and underwater medical studies for the protection, safety, and health of NOAA and of commercial divers on the continental shelf (OCS Land Act Amendments of 1978, Section 21(e)). Five National Undersea Research Facilities are supported to conduct research in the shallow undersea environment: the AEGIR in St. Croix; MAKALII--a 2-man submersible in Hawaii; a shallow water habitat for the University of Southern California; a mobile diving bell and a support ship at the University of North Carolina; and a facility at the University of Connecticut for research in the Atlantic and Great Lakes.

Effect of President's Recommendation on Program

The President's recommendation will completely eliminate NOAA's Undersea Research Program. This will terminate NOAA's use of the deep and shallow water submersibles, NOAA's studies of underwater diving techniques and safety, and NOAA support of five regional undersea programs. In addition, it will eliminate NOAA's share of support for the ALVIN.

Recommendation

The President's request to terminate this program should be denied and the program funding restored to the post-GRH, 1986 level of $9,220,000. Additionally, I would request your specific attention to the ongoing efforts to acquire a new research vessel for the undersea research program at the University of North Carolina at Wilmington. In the Conference Report, which accompanied H.R. 2965, you incorporated, at my request, the following language:

> ". . .Within the $6,485,000 restored for the National Undersea Research Program, the Conferees intend that sufficient funds to operate a vessel to be acquired in FY 1986 be allocated to the University of North

Carolina at Wilmington."

Your assistance in accommodating my request is greatly appreciated. However, I would note that the vessel acquisition has yet to be made, and additional program funds for vessel operation have not been made available. Therefore, I would request that you consider addressing this matter in your Committee Report by specifying that the Wilmington Program should receive a base funding level of $950,000. This additional $150,000 will provide adequate funds for the operation of the new vessel.

OCEAN RESEARCH/OCEAN AND GREAT LAKES PREDICTION AND RESEARCH

(in thousands of dollars)

FY '86 Approp.	FY '86 Approp. after GRH	FY '87 Admin. Req.	FY '87 WBJ Recommend.
13,885	13,286	10,820	13,286

Program Description

NOAA conducts process-oriented research to improve our knowledge and understanding of oceanic and Great Lakes systems and the impacts of human-induced stresses on these systems. This research provides environmental prediction models and advisory services for assessment and forecasting capabilities. This provides a scientific base of information to support decisions pertinent to marine resources, marine pollution, and marine activities with potential adverse environmental impacts.

Effect of President's Recommendation on Program

The President's recommendation will adversely impact three programs in Oceans and Great Lakes Research. It will eliminate the existing research program for processes at seafloor spreading centers: the VENTS program. The decrease of $844,000 to GLERL will eliminate all of the research pertaining to ice hazards, winds, waves, and hazardous waste. Research on ecological succession at GLERL will also be diminished. The decrease of $1,000,000 to FOCI will defer program elements of the Walleye Pollock research program and decrease modeling capabilities.

Recommendation

Proposals to reduce funding in this area will end some of the most exciting and important research activities conducted within NOAA and will greatly diminish the agency's resource management capabilities. These efforts should be maintained by funding this activity at $13,286,000 in FY 1987.

OCEAN SERVICES/OCEAN AND GREAT LAKES ASSESSMENT AND SERVICES

(in thousands of dollars)

FY '86 Approp.	FY '86 Approp. after GRH	FY '87 Admin. Req.	FY '87 WBJ Recommend.
28,789	27,547	20,102	27,547

Program Description:

This program supports a national effort to acquire, analyze and disseminate oceanographic data on the natural environment and the effect of human activities. The program provides national leadership in conducting ocean assessments and distributing information on multiple ocean uses.

Effect of President's Recommendation on Program

The President's recommendation to decrease funding for this program will greatly reduce agency capabilities in four areas: a $100,000 decrease in the tide and water levels program will terminate funds for the tide telemetry systems established during FY 86 along the Chesapeake and De[illegible]e Canal; the $300,000 reduction in the circulatory survey program will reduce the reliability of circulatory and tidal current data; a reduction of $5,800,000 will decimate the Ocean Assessments Program, virtually eliminating the National Status and Trends Program and severely undermining the Agency's ability to assess the consequences of contaminants on coastal and estuarine environmental quality; and finally, the decrease of $2,700,000 proposed for the Ocean Service Center Program would eliminate the funding provided to change the emphasis of the program from establishing additional Regional Centers for dissemination of NOAA data to the more economical plan of distributing information through a NOAA port, augmented by the existing NOAA field structure and staff.

Recommendation

The post-GRH, 1986 level of $27,547,000 is recommended for this program. The Ocean Assessments Program, a long-term program of measurement and analysis, would be particularly vulnerable to funding interruptions.

OCEAN SERVICES/NATIONAL MARINE POLLUTION PROGRAM

(in thousands of dollars)

FY '86 Approp.	FY '86 Approp. after GRH	FY '87 Admin. Req.	FY '87 WBJ Recommend.
1,301	1,245	1,309	1,245

Program Description:

This program implements the National Ocean Pollution Planning Act of 1978 by facilitating efficient and effective use of Federal resources in the conduct of marine pollution research, development and monitoring. This program prepares and updates the five-year Federal pollution plan. Recommendations for priority action include long-term effects studies related to oil and gas development on the Outer Continental Shelf, improved strategies for multi-media waste disposal management, the effects of nonpoint source pollution on marine areas, and better coordination of studies on the effects of marine pollution on marine resources and human health.

Effect of President's Recommendation on Program

Under the President's proposed budget, the National Marine Pollution Program will continue with a slight increase above the 1986 appropriation level.

Recommendation

A two-year reauthorization of the National Ocean Pollution Planning Act was recently approved by the Congress in the Omnibus Budget Reconciliation Act of 1985. The program is authorized at a level of $3,732,000 for FY 87, but can maintain current program operation at a level of $1,245,000.

OCEAN AND COASTAL PROGRAMS/SEA GRANT

(thousands of dollars)

FY '86 Approp.	FY '86 Approp. after GRH	FY '87 Admin. Req.	FY '87 WBJ Recommend.
40,250	38,514	-0-	38,514

Program Description:

The objective of the National Sea Grant College Program is to enhance the wise use of marine resources at the local, regional and national levels. This is accomplished through coordinated, matching-grant support of university-based research, education and public advisory services. As a result of the program's efforts, the development of new marine industry is being encouraged as well as accelerated.

Effect of President's Recommendation on Program

The President's FY 87 budget proposes to rescind $30.6 million in unobligated, FY 86 Sea Grant funds. A total of 30 coastal State governments and universities would not receive their FY 86 grants. Approximately $8.4 million in grants have already been obligated. The budget requests no federal funds for FY 87. The effect of the rescission request and zero funding in FY 87 is to terminate the National Sea Grant College Program in FY 86.

Recommendation

Sea Grant has a long-term record of innovative contributions to the well-being of the nation's marine sector and continues to be a high-yield federal investment. Sea Grant is a major source of research and expertise in fisheries management, seafood product improvement and safety, estuarine and coastal processes, and ocean technology development. It not only produces information, but puts that information to use, nationwide, through its Marine Advisory Service. Sea Grant is a primary source of scientific and management personnel for the future.

In the 98th Congress, the Sea Grant Program was reauthorized through FY 88. The authorized level for FY 87 is $44,000,000 and that level is entirely justifiable. Although disappointingly far below the authorized level, an appropriation of $38,514,000 will allow Sea Grant to continue its strong record of accomplishment. I caution strongly against any further reduction.

The Sea Grant Task Force has advocated an additional $5 million appropriation for a new initiative in marine biotechnology. I cannot support this request, due to the lack of specific authorization for such an initiative. However, Sea Grant currently uses base program funds to support a more limited research program in this area and this effort should continue.

The President has proposed to terminate funding for the National Coastal Resources Research and Development Institute (FY 86 level: $1,250,000). This institute serves a primarily local and regional constituency, and no clearly defined national need or benefit has been demonstrated.

COASTAL ZONE MANAGEMENT/ESTUARINE SANCTUARIES

(in thousands of dollars)

FY '86 Approp.	FY '86 Approp. after GRH	FY '87 Admin. Req.	FY '87 WBJ Recommend.
2,059	1,970	1,259	1,970

Program Description:

Under section 315 of the Coastal Zone Management Act of 1972 (CZMA), NOAA is authorized to provide fifty percent matching grants to states and territorial governments for the acquisition, development and operation of natural field laboratories in estuarine environments. The data resulting from the research concerning the processes, both natural and human, which occur within estuaries, are intended to aid CZM decisionmakers and the public. It also contributes to educational programs designed for thousands of students of all ages. Currently, the national system consists of 16 sanctuaries in 12 states and Puerto Rico.

Effect of President's Recommendations on Program

The loss of $800,000 in funds to acquire new estuarine areas in FY 1987 will further lengthen the time it will take to develop an estuarine sanctuary program that is fully representative of the range of estuaries found in the United States. Moreover, research and education programs in existing sites will be scaled down, and in some cases, eliminated.

Recommendation

It should be noted that funding for this program was reduced by $800,000 during FY 86. This reduction has already caused significant disruption in acquisition, research, and education programs.

Recently, the Congress passed and the President signed the Omnibus Budget Reconciliation Act of 1985. Title VI of that legislation contained a five-year reauthorization of the CZMA. Section 315 was substantially amended and authorized at a level of $3,800,000 for FY 87. This program cannot withstand further reduction, and funding of $1,970,000 is recommended.

COASTAL ZONE MANAGEMENT/MARINE SANCTUARIES

(in thousands of dollars)

FY '86 Approp.	FY '86 Approp. after GRH	FY '87 Admin. Req.	FY '87 WBJ Recommend.
2,852	2,729	2,196	2,729

Program Description:

The National Marine Sanctuaries Program was authorized by Congress in 1972 under Title III of the Marine Protection, Research and Sanctuaries Act (MPRSA). Nationally significant areas of the Great Lakes and oceans, which come under U.S. jurisdiction, are to be protected under NOAA's direction. It is intended that the sanctuaries accommodate multiple-uses which are compatible with the goal of resource protection. Seven sites have been designated as National Marine Sanctuaries. It is expected that at least one more will be added by 1986. At present, four other sites are being studied for future designation.

Effect of President's Recommendation on Program

The decrease of $700,000 in FY 1987 will limit the ability of the federal agency to manage properly the seven designated marine sanctuary sites. NOAA has been unable over the past several years to carry out fully its research and management responsibilities regarding its existing sites, and has moved extremely slowly in designating new sites. Any loss of funds will necessarily adversely affect this small but extremely important marine resources preservation program.

Recommendation

Each year this nation wisely spends hundreds of millions of dollars to acquire and preserve natural and historical landmarks on the continent. However, in the vast ocean areas under U.S. jurisdiction, the Marine Sanctuary Program is the only program designed to identify and protect significant natural and historical resources. Although the program covers a greater area, it operates at a fraction of the cost of its terrestrial counterparts. The program is authorized at a level of $3,600,000 in FY 87. This program is progressing much too slowly, but an adequate level of progress can be achieved with an appropriation of $2,729,000.

COASTAL ZONE MANAGEMENT/STATE AND INTERSTATE GRANTS

(in thousands of dollars)

FY '86 Approp.	FY '86 Approp. after GRH	FY '87 Admin. Req.	FY '87 WBJ Recommend.
35,000	33,491	0 (sec. 306/306A)	33,491
1,000	957	0 (sec. 309)	957

Program Description:

Sections 306 and 306A of the Coastal Zone Management Act of 1972 (CZMA) authorize NOAA to provide financial assistance to states with federally approved coastal programs. Under this program, grants have been provided to coastal states and territories for administration of their CZM programs and for resource improvement projects. Currently, 23 states and five territories have qualified for these grants and provided matching funds. More than 90 percent of the Nation's coastline is being managed by these states. Along with the federal consistency requirements of the CZMA, federal financial assistance is the major incentive for state participation in the CZM program.

Under section 309 of the Coastal Zone Management Act of 1972 (CZMA), states are encouraged to give high priority to coordinating their CZM plans, policies and programs with contiguous states.

Effect of President's Recommendation on Program

Rescission of funds in FY 1986 and no funds in FY 1987 for support of state coastal management programs may mean that many of these programs will not survive and that program activities in all states will be adversely affected. Failure to provide federal funding would end the partnership agreement embodied in the CZMA, according to which important national goals and interests would be met if the states took on the responsibilities of managing, protecting and developing coastal resources with federal financial assistance. Termination of federal funding will substantially undermine the many and well-recognized accomplishments of state programs.

Recommendation

Recently, the Congress passed and the President signed the Omnibus Budget Reconciliation Act of 1985. Title VI of that legislation contained a five-year reauthorization of the CZMA. For FY 87, sections 306 and 306A are authorized at a level of $37,900,000; section 309 is authorized at a level of $1,500,000. The recommended funding levels of $33,491,000 (306/306A), and $957,000 (309) will continue a strong national program in coastal management. Reduced funding will jeopardize a delicate and productive partnership between federal, state, and local governments.

COASTAL ZONE MANAGEMENT/PROGRAM MANAGEMENT

(in thousands of dollars)

FY '86 Approp.	FY '86 Approp. after GRH	FY '87 Admin. Req.	FY '87 WBJ Recommend.
3,253	3,113	2,420	3,113

Program Description:

A number of activities associated with implementation of the Coastal Zone Management Act of 1972 (CZMA) and its amendments are carried out by the administrative staff of the Office of Ocean and Coastal Resource Management (OCRM) within NOAA. Assistance is given to coastal states and territories for the development and implementation of their CZM programs, including activities of interest to the Nation, such as coastal energy development. More specifically, these activities include: administration of financial assistance grants, including monitoring of compliance with the funding awards; evaluations of CZM programs; and provision of technical assistance to states and federal agencies concerning program administration and federal consistency.

Effect of President's Recommendation on Program

The loss of six positions and decrease of $650,000 in FY 1987 will diminish the Federal Government's ability to oversee state CZM programs. The ability of the federal agency to evaluate state programs, to develop new programs in the states and territories currently outside the federal program, and to provide technical support and services to the states with coastal management programs will be curtailed.

Recommendation

An effective national program cannot be maintained without an effective federal presence. The national interest objectives of the CZMA are not self attaining. They must be attained the old-fashioned way -- by good oversight. Good oversight costs money, and $3,113,000 is a reasonable request.

MAPPING, CHARTING AND GEODESY PROGRAMS/NAUTICAL CHART SERVICES

(in thousands of dollars)

FY '86 Approp.	FY '86 Approp. after GRH	FY '87 Admin. Req.	FY '87 WBJ Recommend.
17,474	16,721	16,548	16,721

Program Description:

Nautical chart services and marine navigation publications produced by NOAA are basic tools for marine navigation, ocean operations and marine resources planning and management. A significant portion of chart production goes to the Department of Defense and other government agencies to support their activities. More than 200,000 merchant ships, offshore platforms, work boats, commercial fishing vessels and dredges operating in the 200-mile economic zone require maps and charts, as do millions of recreational vessels. State agencies and the private sector depend on NOAA charts and maps for developing land use policy, coastal zone management and resources development.

Effect of President's Recommendation on Program

The Administration request is basically for level funding of this program. The decrease of $754,000 from the FY '86 programmatic level reflects plans for other federal agencies who receive NOAA charts and products to reimburse NOAA for certain production expenses. These payments by federal agencies go into a reimbursable account and thus allow a corresponding decrease in the ORF request.

Recommendation

Funding for nautical charting should be maintained at a level of $16,721,000 for FY 87. While discussions have been undertaken with other federal agencies (primarily the Defense Mapping Agency) to increase reimbursements to NOAA for charting services, there is still disagreement over the precise arrangement. Therefore, it would be unwise to agree with the proposed $754,000 reduction at this time.

APPENDIX II

THE HONORABLE WALTER B. JONES, CHAIRMAN COMMITTEE ON MERCHANT MARINE AND FISHERIES

DETAILED RECOMMENDATIONS/REQUEST

FOR

NOAA FISHERY PROGRAM

MERCHANT MARINE AND FISHERIES COMMITTEE
DEPARTMENT OF COMMERCE/NATIONAL MARINE FISHERIES SERVICE — FY '87 BUDGET

(in thousands of dollars)

	1986 APPROP	1986 ADJUSTED APPROP.	FY 87 ADMIN REQUEST	MBJ REQUEST
I. OPERATIONS, RESEARCH, AND FACILITIES MARINE FISHERY RESOURCE PROGRAMS	$162,109	$155,118	$96,689	$138,539
A. INFORMATION COLLECTION AND ANALYSIS	95,027	90,929	65,425	86,867
1. RESOURCE INFORMATION	68,115	65,177	42,807	60,340
2. FISHERY INDUSTRY INFORMATION	8,932	8,547	5,927	8,547
3. INFORMATION ANALYSIS AND DISSEMINATION	17,980	17,205	16,691	17,980
B. CONSERVATION AND MANAGEMENT OPERATIONS	43,224	41,360	28,300	34,842
1. FISHERY MANAGEMENT PROGRAMS	26,686	25,535	13,834	17,182
2. PROTECTED SPECIES MANAGEMENT	3,660	3,502	3,718	3,660
3. HABITAT CONSERVATION	5,311	5,082	3,059	5,311
4. ENFORCEMENT AND SURVEILLANCE	7,567	7,241	7,689	8,689
C. STATE AND INDUSTRY ASSISTANCE PROGRAM	23,858	22,829	2,964	16,830
1. GRANTS TO STATES	10,500	10,047	0	8,000
2. FISHERIES DEVELOPMENT	12,702	12,154	2,964	8,202
3. FINANCIAL SERVICES ADMINISTRATION	656	628	0	628
II. SPECIAL ACCOUNTS				
A. FOREIGN FISHING OBSERVER FUND	4,500	4,306	2,000	8,000
B. FISHERMEN'S GUARANTY FUND	3,000	2,871	1,800	1,800
C. FISHERMEN'S CONTINGENCY FUND	750	718	0	718
D. FISHING VESSEL AND GEAR DAMAGE COMPENSATION	0	0	0	0
E. FISHERIES LOAN FUND	0	0	0	0
F. SALTONSTALL-KENNEDY FUND	8,007	7,663	0	7,000
G. FEDERAL SHIP FINANCING FUND	0	0	0	0

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INFORMATION COLLECTION AND ANALYSIS/RESOURCE INFORMATION

(in thousands of dollars)

	FY '86 APPROP.	FY '86 POST GRH	FY '87 ADMIN. REQUEST	FY '87 WBJ RECOMM.
Resource Information	$68,115	$65,117	$42,807	$60,440

Program Description:

Scientific data and information about renewable resources, including fish, marine mammals, and endangered species, and their habitats, is collected. The information generated provides the basis for the conservation and management of living marine resources and their habitats. Without the information collected through this program it would be impossible to manage marine fisheries.

The cuts proposed by the Administration would adversely affect:

- The collection of basic fishery assessment thereby affecting the ability to manage our fisheries;
- Our knowledge of and data base on fishery habitat;
- The ability to carry out fisheries disease research;
- The management of West Coast fisheries; and
- Our knowledge of and data base on marine mammals.

Recommendation

Generally, I recommend post-GRH funding for this program in FY '87. Specific recommendations are as follows:

1) The $1.686 million for resource surveys should be restored. Activities under this line item are essential to provide data in support of fisheries management.

2) Funding for the SEAMAP and MARFIN programs should be restored.

3) The $5,133,000 proposed reduction for fishery habitat ecology should be restored. In addition, the Habitat Evaluation Methodology should be funded at the $1 million

level and moreover, this amount should be included in the base for habitat ecology. I also strongly recommend that $250,000 be provided for as part of a recently signed Memorandum of Understanding between the NMFS and the Army Corps Engineers to develop techniques to restore degraded coastal habitats. If the $250,000 is provided to NMFS for this purpose, the Corps will match that amount with their own funds.

4) I concur with the following Administration recommendations of the Administration: Arctic research (-$600,000); limnological research (-$350,000); Chapman dock (-$500,000); Oregon Institute of Marine Biology, Charleston, Oregon (-$650,000); Right whale research (-$500,000); and the reduction for Salmon enhancement facilities (-$3,350,000) should be accepted.

5) I concur with the reduction of $1 million for the Pacific Salmon Treaty and further recommend that a reduction of $1.8 million be included for this line item. The reduction can be accomodated through funding of the Anadromous Fish Conservation Act, thereby forcing the states to share in the cost of the Pacific Salmon Treaty. I believe the $200,000 reduction for Atlantic salmon tagging, as proposed by the Administration should be rejected, and that $300,000 be made available for the Atlantic Salmon Tagging Program. This amount of funding is essential if the U.S. is to have reliable information to present in the North Atlantic Salmon Conservation Organization to butress arguments for conservation measures to reduce the interception of U.S.-origin Atlantic salmon.

6) I concur with the recommendated reductions for the Stock Enhancement and Disease Research Programs by closing the Stuttgart ($375,000) and Newport, Oregon ($350,000) facilities but recommend restoration of the remaining funds.

7) I stongly recommend that $3 million be made available pursuant to U.S. obligations under the recently concluded Convention on the Conservation of Antarctic Marine Living Resources (CCAMLR). The U.S. is a Party to the Antarctic Treaty System (ATS) of which the recently concluded CCAMLR Treaty is a part. If this funding is not made available the U.S. leadership role in the ATS and in on-going negotiations for an Antarctic seabed mineral exploration and exploitation regime could be jeopardized.

8) I recommend that the $800,000 for dolphin research in the Eastern Tropical Pacific not be funded.

9) I recommend that the proposed $1.5 million reduction for the Chesapeake Bay Program be restored and that $200,000 of the proposed reduction of $400,000 for PCB research be restored.

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10) I recommend that $1 million of the proposed reduction of $1.5 million for marine mammal research be restored and that the $1.275 for protected species biology also be restored.

11) It is my recommendation that the $918,000 proposed reduction for West Coast Groundfish research be restored as this information is critical to proper management of the economically important groundfish resource of the west coast.

12) Reject the proposed reduction of $750,000 for gear entanglement studies and instead reduce this amount by $250,000. Most of the core research has been completed and this reduction would allow important research to continue.

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INFORMATION COLLECTION AND ANALYSIS/FISHERY INDUSTRY INFORMATION

	(in thousands of dollars)			
	FY '86 APPROP.	FY '86 POST GRH APPROP.	FY '87 ADMIN. REQUEST	FY '87 WBJ RECOMM.
Fishery Industry Information	$8,932	$8,547	$5,927	$8,932

Program Description:

Information is collected on commercial and recreational harvesting, processing, and marketing of living marine resources from foreign and domestic fishing vessels, surveys of fishermen, records of landings, and onshore fishery facilities through cooperation with the states, foreign government, and the commercial and recreational fishing industry.

Recommendation:

It is my recommendation that this program area be funded at the full FY 1986 level. Savings can be achieved in other areas that will have a lesser impact on the actual management of living marine resources.

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INFORMATION COLLECTION AND ANALYSIS/ INFORMATION ANALYSIS AND DISSEMINATION

	(in thousands of dollars)			
	FY '86 APPROP.	FY '86 POST GRH APPROP.	FY '87 ADMIN. REQUEST	FY '87 WBJ RECOMM.
Information Analysis and Dissemination	$17,980	$17,205	$16,691	$17,980

Program Description:

Biological, environmental, economic, and statistical information concerning living marine resources is analyzed to identify changes in abundance of various species, assess the status of stocks of significant commercial or recreational value, identify the inter-relationships and consequences of natural and human induced changes in the marine environment and to determine the economic status, trends, and impacts associated with living marine resources under different harvest levels.

Recommendation:

This reduction would severely debilitate the ability to manage our menhaden fishery, the largest and one of the most economically important fisheries in the United States. In addition, the proposed reduction ($974,000) would reduce the ability of NMFS to predict the fate and impact of chemical contminants in our estuaries. I therefore recommend that the full FY 86 funding level be restored.

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CONSERVATION AND MANAGEMENT OPERATIONS/FISHERIES MANAGEMENT PROGRAM

(in thousands of dollars)

	FY '86 APPROP.	FY '86 POST GRH APPROP.	FY '87 ADMIN. REQUEST	FY '87 WBJ RECOMM.
Fisheries Management Prgm.	$26,686	$25,535	$13,834	$17,982

Program Description:

This line item provides the funds for actual preparation, implementation and enforcement of conservation and management measures needed to achieve a continued optimum use of living marine resources.

Recommendation:

This program funds the implementation of U.S. living marine resource policy. The following is recommended:

1. $8.0 million for the Regional Fishery Management Councils which develop Fishery Management Plans to regulate domestic and foreign commercial fisheries as mandated by the Fishery Conservation and Management Act. This represents a slight but much needed increase over the funding level in FY 86, and a restoration of the Administration's proposed reduction of $3.5 million.

2. $4.932 million for Fishery Management Plan Review and Implementation under which NMFS carries out the provisions of plans developed by the Regional Councils. This represents the same level of funding as in FY 85 and rejects the Administration's assumed reductions under the President's deficit reduction program.

3. $2.543 million for International Fisheries Management under which NMFS participates in international agreements for the conservation and management of fishery resources which cross international boundaries. This represents the same level of funding as in FY 85 and rejects the Administration's assumed reduction under the President's deficit reduction program.

4. $2.507 million for Interjurisdictional Fisheries Management under which NMFS participates in cooperative State/Federal fishery management of fishery resources which cross State/Federal boundaries. This represents the same level of funding as in FY 85 and rejects the Administration's proposed reductions under the President's deficit reduction program.

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5. $0.0 million for the Columbia River Hatchery Operations and Office. The Columbia River Office which conducts important stream restoration and mitigation work to enhance salmon habitat and natural production. Funding for the Columbia River Hacthery Management is now under the Pacific Salmon Treaty Line item at the full $1.7 million level. This recommendation represents a reduction of $8.254 million in Columbia River hatchery operations. The Committee is now working on legislation to fund Columbia River hatcheries through fees derived from the beneficiaries of Federal projects.

6. $0.0 for the Vessel Buy-Back Program under which NMFS has attempted to reduce the level of participation in certain salmon fisheries in the States of Oregon and Washington. I believe the program has been largely ineffective and would require a total of $51.3 million to achieve the program objectives. I believe that there are more efficient and effective means available to achieve the proper management of these salmon fisheries. This recommendation represents a reduction of $1.25 million and is consistent with the Administration's recommendation.

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CONSERVATION AND MANAGEMENT OPERATIONS/PROTECTED SPECIES MANAGEMENT

(in thousands of dollars)

	FY '86 APPROP.	FY '86 POST GRH APPROP.	FY '87 ADMIN.	FY '87 WBJ RECOMM.
Protected Species Mngmt.	$3,351	$3,718	$3,660	$3,660

Program Description:

This line item provides funds for NMFS programmatic responsibilities under the Marine Mammal Protection Act (MMPA), Endangered Species Act (ESA) as well as responsibilities under the International Whaling Convention (IWC) and the Convention on Conservation of North Pacific Fur Seals.

Recommendations:

The recommendation reflects general concurrence with the Administration's request. The following specific funding levels are recommended:

1. 1.673 million for permits and Recovery Plans, This represents a net reduction from the FY 85 level of appropriations of $1.0 million which supported a one time project in FY 85 for the impact of fishing gear entanglement on populations of certain protected species.

2. $1.587 million for Porpoise Observers which monitor the operations and incidental take of protected species of porpoise by the U.S. tuna industry. This information is essential to the conservation and management of these species pursuant to the Marine Mammal Protection Act.

3. $400,000 for the Pribilof Island Program under which NMFS, pursuant to the fur Seal Act of 1966, manages the Pribilof Islands fur seal population which is harvested annually by the natives.

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CONSERVATION AND MANAGEMENT OPERATIONS/HABITAT CONSERVATION

(in thousands of dollars)

	FY '86 APPROP.	FY '86 POST GRH APPROP.	FY '87 ADMIN. REQUEST	FY '87 WBJ RECOMM.
Habitat Conservation	$5,311	$5,082	$3,059	$5,311

Program Description:

This line item provides funding for NMFS efforts to provide information and recommendations regarding the environmental impacts of proposed habitat alteration projects by other federal agencies. NMFS conducts such activities pursuant to the Fish and Wildlife Coordination Act, the National Environmental Policy Act and the Clean Water Act.

Recommendation:

Quality wetlands habitat is essential to the production of the majority of the most important fishery resources in this nation. A loss of critical fishery habitat resulting from habitat alteration projects results in a loss of fishery production and a loss to the economy. We recommend the following:

1. $2.426 million for Management and Project Planning. This represents the same level of funding as in FY 85 and rejects the Administration's assumed reductions under the President's proposed deficit reduction.

2. $3.065 million for Environmental Impact Analysis. This represents the same level of funding as in FY 85 and rejects the Administration's proposed reduction.

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CONSERVATION AND MANAGEMENT OPERATIONS/ENFORCEMENT AND SURVEILLANCE

(in thousands of dollars)

	FY '86 APPROP.	FY '86 POST GRH APPROP.	FY '87 ADMIN. REQUEST	FY '87 WBJ RECOMM.
Enforcement & Surveillance	$7,567	$7,241	$7,689	$8,689

Program Description:

This line item provides NMFS funding for enforcement activities undertaken pursuant to the Fishery Conservation and Management Act, Marine Mammal Protection Act, Endangered Species Act and other federal statutes and international agreements relating to living marine resources.

Recommendation:

Effective implementation of U.S. policy with regard to the conservation and management of fishery resources and other living marine resources cannot be achieved without adequate enforcement. I recommend the following:

1. $6.561 million for Fishery Conservation and Management Act Enforcement under which NMFS enforces U.S. fishery law on both domestic and foreign fishing operations. This figure represents an increase of $1 million over the FY 85 level. In recent years, enforcement of regulations pursuant to the FCMA has been inadequate, making fishery management efforts difficult at best and ineffectual at worst.

2. $2.128 million for Protected Species Enforcement under which NMFS enforces the Marine Mammal Protection Act and the Endangered Species Act. This represents the same level of funding as in FY 85 and rejects the Administration's assumed reductions under the President's proposed deficit reduction program.

APPENDIX II

STATE AND INDUSTRY ASSISTANCE PROGRAMS/GRANTS TO STATES

(in thousands of dollars)

	FY '86 APPROP.	FY '86 POST GRH APPROP.	FY '87 ADMIN. REQUEST	FY '87 WBJ RECOMM.
CFRDA	$4,250	$4,067	$0	$4,500
Disaster Aid	$3,000	$2,871	0	0
Anadromous Fish (Section 4)	$2,750	$2,640	$0	$3,000
Striped Bass (Section 7)	$ 500	$478	$ 0	$ 500
TOTAL	$10,500	$10,056	$0	$8,000

Program Description:

The Commercial Fisheries Research and Development Act (CFRDA) (P.L. 88-309) provides matching funds to the states for research and development projects regarding commercial fishery resources. New legislation (H.R. 1028) to replace this program with one that focuses strictly on research in support of the management of priority interjurisdictional fishery resources has been reported by the Committee. This new program would substantially supplement the collection of resource and fishery data in support of the management of interstate and federal fisheries. Section 4 of the Anadromous Fish Conservation Act (P.L. 89-304) provides matching funds to states for research which facilitates the conservation, development, and enhancement of U.S. anadromous fishery resources. In addition, a special authorization under section 7 of the Anadromous Fish Conservation Act supports an emergency study into the decline of striped bass.

Recommendation:

These programs pass federal funds on to the states which provide matching funds to conduct research projects which directly support federal management needs and national objectives which can often be carried out more efficiently by the states. We recommend the following:

1. $4.5 million for the Commercial Fisheries Research and Development Grant Program in anticipation of the enactment of the Interjurisdictional Fisheries Research Act (H.R. 1028) which would replace that program. This represents the same level of funding as in FY 85 and rejects the Administration's proposed reduction.

2. $3.5 million for the Anadromous Fish Conservation Act Grant Program of which $500,000 is for the Emergency Striped Bass Study conducted pursuant to Section 7 of the Act, and $3.0 million is for the Anadromous Fish Grant Program conducted pursuant to Section 4 of the Act.

APPENDIX II

STATE AND INDUSTRY ASSISTANCE PROGRAMS/FISHERIES DEVELOPMENT PROGRAM

(in thousands of dollars)

	FY '86 APPROP.	FY '86 POST GRH APPROP.	FT '87 ADMIN. REQUEST	FY '87 WBJ RECOMM.
Fisheries Devel. Prgm.	$12,702	$12,154	$2,964	$8,202

Program Description:

Under this program, NMFS (1) provides information and services to assist the U.S. fishing industry to gain access to foreign and international markets for U.S. products, (2) provides services and conducts research on the safety, quality and public health impediments to the full utilizaton of U.S. fishery resources, and (3) supplements the cost to the industry of the voluntary seafood inspection program.

Recommendation:

I believe there should be a reduction in the level of participation of the federal government in direct industry development assistance. Such assistance should be limited to those instances which serve a larger national interest and where it is clear that private initiatives will not occur. I recommend the following:

1. $5.702 million for the Product Quality and Inspection Program. Other facilities which currently conduct such activities require costly lease arrangements. This represents a net reduction of $4.555 million from the FY 86 level of appropriations.

2. $2.0 for the Fisheries Development Research and Services (e.g. Trade Assistance).

3. $500,000 for menhaden research and development

APPENDIX II

STATE AND INDUSTRY ASSISTANCE PROGRAMS/ FINANCIAL SERVICES PROGRAM ADMINISTRATION

(in thousands of dollars)

	FY '86 APPROP.	FY '86 POST GRH APPROP.	FY '87 ADMIN. REQUEST	FY '87 WBJ RECOMM.
Financial Services Prgm. Administration	$656	$628	$0	$628

Program Description:

Under this program, NMFS administers financial services programs which assist the U.S. fishing industry to fully utilize U.S. fishery resources through the Capital Construction Fund, the Fisheries Loan Fund and the Vessel Construction Subsidy Program.

Recommendation:

I recommend that this program be funded at the post GRH FY '86 level and that the Administration's request for no funding for this program be denied.

APPENDIX II

FOREIGN FISHING OBSERVER FUND

	(in thousands of dollars)			
	FY '86 APPROP.	FY '86 POST GRH APPROP.	FY '87 ADMIN. REQUEST	FY '87 WBJ RECOMM.
Foreign Fishing Observer Fund	$4,500	$4,306	$2,000	$8,000

Program Description:

Foreign fishing vessels operating in the U.S. Fishery Conservation Zone (FCZ) are assessed a special fee which is deposited in this Fund to pay for the cost of placing U.S. observers aboard those vessels.

Recommendation:

Effective implementation of U.S. fisheries conservation and management policy can only be achieved with adequate enforcement. Adequate enforcement of foreign fishing operations can only be achieved with U.S. observers placed on board those vessels. The General Accounting Office recently published a report and audit of this program in which it recommended that the Foreign Fishing Observer Program be capitalized and that NMFS execute the program on a billing by actual cost basis. Capitalization of the fund will, in the long run require less administration effort and cost by NMFS and will result in accurate billing of foreign fishing nations. The GAO study also points out that there are inherent problems with the supplemental observer program which could be solved by going to a capitalized fund and actual billing, rather than estimated billing system. I therefore recommend that $8.0 million be appropriated in order to provide for the capitalization of the Foreign Fishing Observer Fund. Again, I want to emphasize that this increase is not at the expense of the General Fund of the Treasury, but rather, at the expense of foreign fishing nation's who choose to fish in our waters.

APPENDIX II

FISHERMEN'S GUARANTY FUND

	(in thousands of dollars)			
	FY '86 APPROP.	FY '86 POST GRH APPROP.	FY '87 ADMIN. REQUEST	FY '87 WBJ RECOMM.
Fishermen's Guaranty Fund	$3,000	$2,871	$1,800	$1,800

Program Description:

U.S. distant water fishermen may pay a special fee which is deposited in this Fund which is used to compensate losses incurred by such fishermen as a result of seizures which are made by countries on the basis of jurisdictional claims not recognized by the U.S.

Recommendation:

This program represents what is essentially an insurance program administered by the U.S. government and paid for by the U.S. fishing industry. We recommend that $1.8 million be maintained in this Fund in
FY 87. This recommendation conforms with the Administration's proposal.

APPENDIX II

FISHERMEN'S CONTINGENCY FUND

(in thousands of dollars)

	FY '86 APPROP.	FY '86 POST GRH APPROP.	FY '87 ADMIN. REQUEST	FY '87 WBJ RECOMM.
Fishermen's Contingency Fund	$750	$718	0	$718

Program Description:

The U.S. oil and gas industry operating on the Outer Continental Shelf (OCS) is assesed a special fee which is deposited into this Fund and is used to compensate U.S. fishermen for damage to their vessels and gear caused by such OCS exploration and development activities.

Recommendation:

I recommend that the post GRH level of $718 be made available for this program. There will be continued gear conflicts between fishermen and oil and gas developers. This program is not funded by the general taxpayer and I therefore recommend that it continue to be funded.

APPENDIX II

FISHING VESSEL AND GEAR DAMAGE COMPENSATION FUND

	(in thousands of dollars)			
	FY '86 APPROP.	FY '86 POST GRH APPROP.	FY '87 ADMIN. REQUEST	FY '87 WBJ RECOMM.
Fishing Vessel and Gear Damage Compensation Fund	$0	$0	$0	$0

Program Description:

Pursuant to Section 10 of the Fishermen's Protective Act, foreign fishing vessels operating in the U.S. Fishery Conservation Zone (FCZ) are assessed a special fee which is deposited in this Fund and used to compensate U.S. fishermen for damage to their vessels and gear resulting from conflicts with foreign and other domestic fishing activities.

Recommendation:

The level of foreign fishing in the U.S. FCZ has steadily decreased since the onset of this program and so have U.S./foreign fishing gear conflicts. No appropriation was required in FY 86 for this program because the carryover of funds collected in previous years was sufficient to meet claim demands.

I recommend that no appropriations be made to this fund in FY 87 and that carryover funds be applied. This conforms to the Administration's proposal.

APPENDIX II

FISHING VESSEL AND GEAR DAMAGE COMPENSATION FUND

	(in thousands of dollars)			
	FY '86 APPROP.	FY '86 POST GRH APPROP.	FY '87 ADMIN. REQUEST	FY '87 WBJ RECOMM.
Fishing Vessel and Gear Damage Compensation Fund	$0	$0	$0	$0

Program Description:

Pursuant to Section 10 of the Fishermen's Protective Act, foreign fishing vessels operating in the U.S. Fishery Conservation Zone (FCZ) are assessed a special fee which is deposited in this Fund and used to compensate U.S. fishermen for damage to their vessels and gear resulting from conflicts with foreign and other domestic fishing activities.

Recommendation:

The level of foreign fishing in the U.S. FCZ has steadily decreased since the onset of this program and so have U.S./foreign fishing gear conflicts. No appropriation was required in FY 86 for this program because the carryover of funds collected in previous years was sufficient to meet claim demands.

I recommend that no appropriations be made to this fund in FY 87 and that carryover funds be applied. This conforms to the Administration's proposal.

APPENDIX II

FISHERIES LOAN FUND

	(in thousands of dollars)			
	FY '86 APPROP.	FY '86 POST GRH APPROP.	FY '87 ADMIN. REQUEST	FY '87 WBJ RECOMM.
Fisheries Loan Fund	$0	$0	$0	$0

Program Description:

Foreign fishing vessels operating within U.S. fisheries jurisdiction are assessed a special fee which is deposited in this Fund and is used, subject to appropriations, to assist U.S. fishermen and processors in danger of defaulting on their vessel or shoreside processing facility mortgages. First priority is given to fishermen with federal loan guarantees under the Title XI program, the second priority is given to fishermen with non-federal loan guarantees, and third priority is to assist any fishermen incurring a net operating loss with the payment of operating expenses.

Recommendation:

The Administration has proposed to transfer the balance of the FLF (estimated to be approximately $180 million at the close of FY 86) to the General Fund of the U.S. Treasury and to place future deposits in the General Fund of the Treasury.

I recommend that this fund be left intact in fiscal year 1987. The Committee is now exploring ways in which to utilize the monies that are in the fund and to find ways in which to use these funds in future years.

APPENDIX II

SALTONSTALL-KENNEDY FUND (S-K)
(Promote and Develop Fishery Products and Research)

(In thousands of dollars)

	FY '86 APPROP.	FY '86 POST GRH APPROP.	FY '87 ADMIN. REQUEST	FY '87 WBJ RECOMM.
S-K Fund	$8,007	$7,663	$0	$7,000

Program Description:

Each year, thirty percent of the tariffs collected on imported fishery products are deposited in the S-K Fund. S-K funds are then used to support NMFS research and, through grants, industry research on U.S. product quality, gear technology and market development in an effort to expand the U.S. fishing industry and to offset the U.S. trade deficit in fishery products.

Recommendation:

We recommend that the S-K program be used to fund the core of the NMFS direct industry assistance mission and that these funds be applied to the extent that a regional or national interest is served and where it is clear that no private initiatives will occur. It is estimated that $43.0 million will be deposited in the S-K Fund in FY 86 and will be available in FY 87. The Administration has proposed to transfer this entire amount out of the Fund and apply it to offset NOAA appropriations in an unspecified manner. As an alternative the following is recommended:

1. $7.0 million be appropriated in FY 87 for the S-K program, and that the remainder of the funds collected be used to offset NOAA appropriations.

2. Apply the 60 percent grants to industry, 40 percent NMFS in-house formula to the $7.0 million, as mandated by law.

3. Of the $2.8 million, available for NMFS in-house, apply $1.0 million to maintain a core fisheries export trade assistance capability in NMFS. We also recommend that the remainder of $1.8 million be applied to support NMFS administration of the S-K grants program and to other NMFS in-house fishery development activities as a partial offset to the recommended reductions to the ORF in-house fishery development program.

4. Apply $4.2 million to support S-K grants to industry for projects to promote and develop the U.S. fishing industry.

APPENDIX II

FEDERAL SHIP FINANCING FUND

(in thousands of dollars)

	FY '86 APPROP.	FY '86 POST GRH APPROP.	FY '87 ADMIN. REQUEST	FY '87 WBJ RECOMM.	
Federal Ship Financing Fund	--	--	--	--	--

Program Description:

This program provides federal guarantees for long-term, low interest loans of private capital for the construction or reconstruction of fishing vessels or shoreside processing facilities thereby facilitating the development of the U.S. fishing industry.

Recommendation:

Congress has imposed an $850 million limit on outstanding loan guarantees under this program. Currently there exists approximately $250 million in outstanding obligations. Congress recently enacted legislation giving the authorizing committees of Congress the sole authority to establish annual limits on obligations made under this program. In addition, with the recent extension of this program to shoreside processing facilities, a greater demand for this program is anticipated.

We recommend that no statutory changes be made to this program through appropriations legislation and that full implementation of this program be permitted.

APPENDIX III
ALBEMARLE-PAMLICO ESTUARY MANAGEMENT

The Albemarle-Pamlico estuarine system comprises virtually the entire coastal area of North Carolina, and is, in fact, the second largest estuary in the United States. It ranks third in the nation in commercial fisheries yield, and serves as a spawning ground for several major finfisheries of the Mid-Atlantic coastal area. It supports a rapidly expanding recreational industry, and encompasses the drainage basin for the important agricultural industries of eastern North Carolina.

The Albemarle-Pamlico region is experiencing major growth. Residential, recreational, agricultural, and industrial development in the coastal area will all contribute to increased pressure on the estuarine system. Development of a long-term plan for this estuary will help ensure its future integrity; beginning the process now provides a unique opportunity to act before the entire system is degraded, and at a fraction of the cost. There is aggressive public commitment and support for this effort at the state and local level.

In July, 1985, the House considered and passed H.R. 8, a bill to reauthorize the Federal Water Pollution Control Act. Section 45 of that bill establishes a National Estuaries Program, and requires the Administrator of the U.S. Environmental Protection Agency to give priority consideration to the Albemarle-Pamlico estuary. On February 18, 1986, I wrote to the EPA Administrator requesting that the agency begin consideration of this estuary for inclusion in their national program. On March 18, 1986, EPA Administrator, Lee M. Thomas, responded:

> "I am aware of the importance of the Albemarle/Pamlico system as both a regional and national resource in terms of commercial fisheries yield, recreation, and agriculture and agree with you that development of a long-term master plan would be an important effort to ensure the maintenance and restoration of environmental quality."

In addition to the EPA, a successful effort will demand the cooperation of a variety of federal agencies. In particular, NOAA has tremendous expertise and responsibility in the area of estuarine and coastal management. Therefore, I am requesting your support for a reprogramming of $500,000 in coastal management carryover funds for NOAA participation in this effort. These funds were originally appropriated under section 306 of the Coastal Zone Management Act (CZMA) and have recently been deobligated. Their use in conjunction with the Albemarle-Pamlico initiative will be entirely consistent with the purpose for which they were originally appropriated -- coastal zone management -- and will enhance the implementation of the CZMA.

MEMORANDUM

TO: Terry Bevels
Staff Assistant, Subcommittee on Commerce, Justice, State, and Judiciary, Committee on Appropriations
H-309, The Capitol

FROM: Dan Ashe
John Dentler
Tom Kitsos

DATE: 4/15/86

RE: Corrections to Chairman Walter B. Jones, Appropriations Subcommittee Testimony

Subsequent to Mr. Jones' testimony on Tuesday, April 8, we discovered an omission and a typographical error in the table contained in Appendix I. This memorandum is intended to provide a correction of those errors, an updated program-by-program chart for NOAA ocean programs, an elaboration on Mr. Jones' suggestions with respect to the appropriation of surplus funds, and a reemphasis of our Chairman's request for a coastal zone management reprogramming.

With respect to the errors in the table, we would like to point out that in the "Mapping, Charting and Geodesy Programs" subactivity, the "Aeronautical Chart Services" line item was inadvertently omitted. Additionally, in the "Non-Living Marine Resources" subactivity, under the "ocean minerals" line item, some figures were transposed in the second and fourth columns. The corrected version of this chart has been included with this memorandum.

With these final adjustments, it is possible to determine the total level of proposed reductions relative to the post-Gramm-Rudman FY 1986 level. Our total FY 1987 recommendation for NOAA Ocean, Coastal, and Fishery programs was $432,317,000. For the same programs, the post-Gram-Rudman FY 1986 level was $449,350,000. Therefore, our recommended funding level would result in a surplus of $17,033,000.

Chairman Jones' testimony recommends "...that this surplus be allocated to update, maintain, and operate laboratories of the National Marine Fisheries Service." Within the next few days, we will forward to you further information with more detail on the NMFS laboratories.

There are two additional areas where portions of this surplus could be handsomely distributed -- the marine and estuarine sanctuary programs and the infamous ocean service center program.

Until last year, budgets for the "sanctuary programs" had been fairly stable. However, while the House supported level funding for both programs during FY 1986, the Senate successfully proposed a reduction of $800,000 for estuarine sanctuaries. These are small programs without big constituencies, but they are steady performers (sounds like an investment prospectus?). An appropriation in the neighborhood of $500,000-$1,000,000 for "research in marine and estuarine sanctuaries" would be a great shot-in-the arm for these small but worthwhile programs.

We are all familiar with the tortuous history of the ocean service center program. Apparently, there is now a consensus in support of the proposal to end the "regional center" concept in favor of the "data port" concept. During FY 1986, this program received $2,700,000 in new appropriations and $2,950,000 in FY 1985 carryover funds (total $5,650,000). The FY 1987 program base is only $2,700,000, reflecting the actual FY 1986 appropriation level. If the data port concept is to be actually implemented during FY 1987, the program should be funded at the post-Gramm-Rudman FY 1986 level of $5,534,000. Once the data ports and distribution mechanisms are established, the cost of this program should decrease substantially.

Finally, we would draw your attention to Appendix III in Mr. Jones' testimony. He specifically requests a reprogramming of $500,000 in coastal zone management carryover funds for NOAA participation in the Albemarle-Pamlico Estuary Management Program. On Wednesday, April 16, EPA, along with Congressman Jones and Governor Martin of North Carolina, will officially announce that North Carolina's Albemarle-Pamlico Estuary has been selected for the National Estuary Program with initial EPA funding of $300,000. It is Mr. Jones' intention that a major federal-state initiative be taken now to develop a broad and comprehensive management plan for Albemarle-Pamlico Estuary to avoid the major costs and drastic solutions now obtaining in the Chesapeake Bay program.

It is estimated that the degradation of the Albemarle-Pamlico Estuary is at least 20 years behind that of the Chesapeake Bay. If we get started soon enough developing a management plan for protection of the estuary, it will be possible to circumvent some of the serious problems associated with cleaning up the Chesapeake Bay.

It is our view that NOAA should be making a major contribution to this Federal-State effort, particularly with respect to its expertise in fisheries resources and coastal management work. EPA has devoted most of its attention to water quality which, although critically important, fails to recognize some of the other important variables needed to be addressed if Albemarle-Pamlico is to be protected. This is where NOAA comes in and this is why Mr. Jones has asked for CZM reprogramming. Clearly, this does not involve a new appropriation but would make available to NOAA reprogrammed funds for active and important participation in this estuarine initiative.

MERCHANT MARINE AND FISHERIES COMMITTEE
National Oceanic & Atmospheric Administration (Commerce)
Recommendations of Chairman Walter B. Jones (WBJ)

(in thousands of dollars)

ACCOUNT/PROGRAM	FY '86 Approp.	FY '86 Approp. after GRH	FY '87 Admin. Req.	FY '87 WBJ Request
I. OPERATIONS, RESEARCH & FACILITIES (TOTAL)				
A. Ocean & Coastal Programs				
1. Non-Living Marine Resources				
a) ocean minerals (Deep Seabed Mining)	1,525	1,459	1,589	1,459
b) ocean energy (OTEC)	0	0	0	0
2. Ocean & Great Lakes Research				
a) Ocean Climate Research	13,168	12,600	11,138	12,600
b) National Undersea Research Program	9,635	9,220	0	9,220
c) Ocean and Great Lakes Prediction and Research	13,885	13,286	10,820	13,286
3. Ocean Services				
a) Ocean and Great Lakes assessments and services	28,789	27,547	20,102	27,547
b) National Marine Pollution Program	1,301	1,245	1,309	1,245
4. Sea Grant	40,250	38,514	0	38,514

ACCOUNT/PROGRAM	FY '86 Approp.	FY '86 Approp. after GRH	FY '87 Admin. Req.	FY '87 WBJ Request
5. Coastal Zone Management				
a) Estuarine Sanctuaries	2,059	1,970	1,259	1,970
b) Marine Sanctuaries	2,852	2,729	2,196	2,729
c) State Grants (Sec. 306 & 306A)	35,000	33,491	0	33,491
d) Interstate Grants (Sec. 309)	1,000	957	0	957
e) Program Management	3,253	3,113	2,420	3,113
6. Mapping, Charting, and Geodesy Programs				
a) Nautical Chart Service	17,474	16,721	16,548	16,721
b) Coastal Mapping	3,844	3,678	3,796	3,678
c) Geodetic Reference System	15,949	15,261	13,623	14,543
d) Aeronautical Chart Services	8,828	8,447	7,613	8,447
B. Satellite and Environmental Data and Information Services				
1. Ocean Data Services	5,129	4,908	5,138	4,908
C. Program Support				
1. Executive Direction & Administration				
a) Executive Direction and Central Administration Support	47,497	45,449	47,985	46,449
b) Retired Pay Commissioned Officers	4,632	4,632	5,019	5,019
c) NACOA	500	479	0	0
2. Marine Services				
a) Ship Operations	36,450	34,878	26,104	34,878
b) Ship Maintenance and Support Services	22,264	21,304	21,407	21,304
II. Coastal Energy Impact Fund	-8,000	-7,656	-8,300	-8,300
TOTAL	307,284	294,232	189,766	293,778

Mr. **Smith**. Of course, the Committee you head, and yourself, and also the Committee Mr. Fuqua heads and he is Chairman of, you have both been very supportive of these programs. A number of them were not authorized, however, at the time we made our appropriation. That makes it rather difficult.

In the reconciliation bill, were all these authorizations picked up?

Mr. **Jones**. Counsel advises me practically all were authorized.

Mr. **Smith**. I see. Okay. Thank you very much.

Mr. **Jones**. Thank you very much for your courtesy.

NINETY-NINTH CONGRESS

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MINORITY STAFF DIRECTOR
GEORGE D. PENCE

U.S. House of Representatives
Committee on
Merchant Marine and Fisheries
Room 1334, Longworth House Office Building
Washington, DC 20515

April 14, 1986

The Honorable Neal Smith
Chairman, Subcommittee on Commerce, Justice,
State, and Judiciary
Committee on Appropriations
H-310, The Capitol
Washington, D.C. 20515

Dear Mr. Chairman:

I am writing to express appreciation for having been granted the opportunity to present my recommendations on fiscal year 1987 appropriations for the ocean, coastal, and fishery programs of the National Oceanic and Atmospheric Administration (NOAA). I would also like to respond more fully to a question which you raised during my testimony regarding the status of authorizations for programs within the jurisdiction of the Committee on Merchant Marine and Fisheries.

OCEAN AND COASTAL PROGRAMS

In the ocean and coastal program area, virtually all authorizations are current. The recently enacted Omnibus Budget Reconciliation Act of 1985 contained several important reauthorizations:

* the Coastal Zone Management Act (1986-90);
* the Marine Protection, Research, and Sanctuaries Act - Title II (1986-87);
* the National Ocean Pollution Planning Act (1986-87); and
* the National Advisory Committee on Oceans and Atmosphere (1986).

In addition, that law contained fiscal year 1986-87 authorizations for the following NOAA activities, including "such sums as necessary to accommodate salary, pay, and other employee benefits authorized by law":

* executive direction and administration;
* marine and aircraft services;
* non-living marine resources;
* ocean and Great Lakes research;
* ocean services; and
* mapping charting and geodesy.

Therefore, authorizations are current for all NOAA ocean and coastal programs, except two. The authorizations for NACOA and for the Deep Seabed Hard Minerals Resources Act expire as of 9-30-86. I am opposed to further funding for NACOA and I am aware of no effort to provide further authorizations. Efforts to reauthorize the Deep Seabed Hard Minerals Resources Act, on the other hand, are underway and are supported by the Administration.

MARINE FISHERY RESOURCE PROGRAMS

In terms of fishery authorizations, many programs remain to be reauthorized. The House of Representatives has acted on the Anadromous Fish Conservation Act (H.R. 1025) and Commercial Fishery Research and Development Act (H.R. 1028). The Senate has yet to act on these measures.

The National Aquaculture Act of 1980 was reauthorized as part of the Food Security Act of 1985 (H.R. 2100).

The Committee on Merchant Marine and Fisheries has also reported several authorizing measures for fishery programs which I intend to bring to the Floor in the very near future, including: the Magnuson Fishery Conservation and Management Act (H.R. 1533); section 7 of the Anadromous Fish Conservation Act (H.R. 3358); and the Atlantic Tuna Convention Act (H.R. 3133). The passage of these measures will complete House action on all major fishery authorizations. Unfortunately, I cannot guarantee if and when the Senate will act on these measures; however, I will do all I can to ensure that all fishery program authorizations are acted upon in as expeditious a manner as possible.

MARITIME PROGRAMS

The fiscal year 1987 reauthorization bill for the Maritime Administration and the Federal Maritime Commission (H.R. 4175) was ordered reported by the Committee on Merchant Marine and Fisheries on April 9, 1986. The total authorization level is identical to that requested by the Administration, although the internal budgetary distribution within MarAd differs from the Administration's proposal. I intend to request an early hearing date in the Rules Committee and expeditious floor consideration of H.R. 4175.

Thank you once again for providing me with the opportunity to testify. I hope my recommendations are helpful to you and the Members of your Subcommittee.

Sincerely,

Walter B Jones

WALTER B. JONES
Chairman

TUESDAY, APRIL 8, 1986.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION AND NATIONAL BUREAU OF STANDARDS PROGRAMS

WITNESS

HON. DON FUQUA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. SMITH. Mr. Fuqua.

Mr. FUQUA. Thank you, Mr. Chairman.

With your permission, I would like to make my statement a part of the record, and I will try to summarize very briefly. It is very short. I want to thank you for having us here.

These include the programs of the Bureau of Standards, the Office of Productivity, Technology and Innovation, the National Technical Information Service, and the National Oceanic and Atmospheric Administration's research and development programs.

Mr. Chairman, the full committee hasn't had a chance to take formal action on this. It is only reflected action of subcommittee, which Mr. Walgren will discuss. We are awaiting the action of the Budget Committee so we will know more what our mark is going to be before we act in full committee.

But they have requested, in NBS, $123,953,000 for fiscal year 1987, a reduction of some $32 million from the fiscal year 1986 authorization. And, once again—we have been through this several times—the Center for Fire Research and the Center for Building Technology programs have been slated for extinction, and the Institute for Computer Science and Technology which is proposed to be reduced in half.

So we have, over the years, the last three years we have had this, rejected these drastic cuts. And I hope that—I think our committee will certainly authorize these programs again, and sure we look forward to cooperating with your committee to do that.

We have also requested the authorization of $123,985,000 for the NBS programs other than the cold neutron source. Included in that, Mr. Chairman, has been a very successful program for postdoctoral fellowship programs.

I would like to ask your permission to include a letter from Dr. Kleppner from the Massachusetts Institute of Technology outlining some of the successes of those programs.

Mr. SMITH. Without objection.

Mr. FUQUA. And we still continue to put a high priority on the cold neutron source, but not at the expense of the other NBS ongoing programs. So we are going to provide language such as necessary, and we hope that there could be $17 million found somewhere that for this facility, elsewhere in the government, that can support the cold neutron source.

We also—I would expect that the Science Committee is going to support the continuation of the Office of Productivity, Technology and Innovation. And including the National Technical Information Service licensing program at the 1986 fiscal year freeze level, that is very small. But I think it is a very important program.

And I will submit an additional comment for the record outlining our activities on the NOAA. At this time, there has been no formal committee or subcommittee action, depending here again on action by the Budget Committee.

I think Mr. Walgren can outline the details.

[The statement of Mr. Fuqua and letter follow:]

STATEMENT OF THE HONORABLE DON FUQUA
BEFORE THE SUBCOMMITTEE ON
COMMERCE, JUSTICE, STATE, AND THE JUDICIARY

APRIL 8, 1986

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE. I AM PLEASED TO APPEAR BEFORE YOU TODAY TO DISCUSS MY RECOMMENDATIONS FOR SEVERAL PROGRAMS WITHIN THE DEPARTMENT OF COMMERCE WHICH ARE AUTHORIZED BY THE COMMITTEE ON SCIENCE AND TECHNOLOGY. THESE INCLUDE THE NATIONAL BUREAU OF STANDARDS, THE OFFICE OF PRODUCTIVITY, TECHNOLOGY AND INNOVATION, THE NATIONAL TECHNICAL INFORMATION SERVICE, AND THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION'S RESEARCH AND DEVELOPMENT PROGRAMS.

SINCE THE FULL COMMITTEE HAS NOT YET MET TO CONSIDER THESE PROGRAMS, I AM UNABLE TO DISCUSS FORMAL ACTIONS OF THE COMMITTEE ON SCIENCE AND TECHNOLOGY. HOWEVER, THE SUBCOMMITTEE ON SCIENCE, RESEARCH AND TECHNOLOGY HAS HELD A MARKUP OF THOSE PROGRAMS UNDER ITS JURISDICTION AND CHAIRMAN WALGREN WILL APPEAR BEFORE YOU SHORTLY TO REPORT ON THE MARKUP.

NATIONAL BUREAU OF STANDARDS FY 1987 AUTHORIZATION

THE ADMINISTRATION HAS REQUESTED A BUDGET OF $123,953,000 FOR FY 1987 FOR THE BUREAU, A REDUCTION OF $32,000 FROM THE FY 1986 APPROPRIATION. ONCE AGAIN, THE CENTER FOR FIRE RESEARCH AND THE CENTER FOR BUILDING TECHNOLOGY HAVE BEEN SLATED FOR EXTINCTION AND THE INSTITUTE FOR COMPUTER SCIENCES AND TECHNOLOGY PROPOSED TO BE CUT IN HALF. AS YOU WELL KNOW, FOR THE LAST THREE YEARS WE HAVE REJECTED THESE DRASTIC CUTS. I PREDICT THE COMMITTEE WILL, ONCE AGAIN, SUPPORT STRONGLY THE CONTINUATION OF THE PROGRAMS SINCE THESE IMPORTANT STANDARDS-RESPONSIBILITIES WILL NOT BE PICKED-UP BY ANYONE ELSE.

THE SUBCOMMITTEE HAS REQUESTED AN AUTHORIZATION OF $123,985,000 FOR NBS PROGRAMS, OTHER THAN THE COLD NEUTRON SOURCE. I EXPECT THE COMMITTEE WILL SUPPORT THE RECOMMENDATIONS MADE IN THE SUBSTITUTE WHICH IS THE SAME AMOUNT APPROPRIATED FOR FY 1986.

WE CONTINUE TO PLACE HIGH PRIORITY ON THE COLD NEUTRON SOURCE FACILITY BUT NOT AT THE EXPENSE OF NBS'S ONGOING PROGRAMS. THEREFORE, WE HAVE PROVIDED A "SUCH SUMS AS ARE NECESSARY" AUTHORIZATION FOR THE COLD NEUTRON SOURCE FACILITY AND HOPE THAT THE APPROPRIATIONS COMMITTEE CAN FIND UP TO $17 MILLION IN FY 1987 FOR THIS FACILITY FROM SAVINGS ELSEWHERE IN THE GOVERNMENT.

I WOULD ALSO EXPECT THE SCIENCE AND TECHNOLOGY COMMITTEE TO SUPPORT THE CONTINUATION OF THE OFFICE OF PRODUCTIVITY, TECHNOLOGY AND INNOVATION (OPTI) INCLUDING THE NATIONAL TECHNICAL INFORMATION SERVICE LICENSING PROGRAM AT THE FISCAL YEAR 1986 FREEZE LEVEL. ALTHOUGH SMALL IN COST, WE HAVE VIEWED THE OPTI EFFORTS IN TECHNOLOGY TRANSFER AND IN PROMOTION OF COOPERATION AMONG ALL SECTORS OF OUR ECONOMY AS PRODUCTIVE AND WORTH CONTINUING.

I AM SUBMITTING FOR THE RECORD SOME ADDITIONAL COMMENTS ON THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION. AT THIS TIME THERE HAS BEEN NO FORMAL COMMITTEE OR SUBCOMMITTEE ACTION ON THE PROGRAMS OF THE AGENCY DUE TO POLICY ISSUES FACING THE ADMINISTRATION.

MASSACHUSETTS INSTITUTE OF TECHNOLOGY
DEPARTMENT OF PHYSICS
CAMBRIDGE, MASSACHUSETTS 02139
room 26-237
617/253-6811

March 23, 1986

The Honorable Don Fuqua
Committee on Science and Technology
U.S House of Representatives
Washington, DC 20515

Dear Mr Fuqua:

In response to your letter of March 5, 1986, here are the figures on the numbers of postdocs in the NRC Associateship Programs at NBS and other major federal laboratories.

		Postdocs	Staff (est.)
NASA		200	19,000
Naval Research Laboratory		50	3,500
Nat. Bureau of Standards		44	2,700
Nat. Institutes of Health			10,000
	1986	45	
	1987	90	
	1988	135	

The data on the postdocs comes from the Associateship Office of the National Research Council. Because the Associateships are normally held for two years, the numbers shown are approximately twice the number awarded annually. The staff figures are estimates.

In comparing the numbers of Fellows in different agencies it is important to take into account the agencies' differing missions and styles of research. NASA, which is heavily tilted toward engineering and development, would be expected to have a proportionately smaller fraction of fellows than NRL and NBS, both of which are heavily tilted toward research. It is difficult for me to see anything out of line in the number of fellows at NBS, certainly nothing which could justify canceling the program.

I believe that the question should not be how NBS stacks up against other agencies with respect to numbers of fellows, but whether the Associateship Program is effective in helping NBS to meet its goals and whether it is broadly serving the national interest. With respect to the first question, there is no doubt that the Associateship Program has been a resounding success. The quality of the program can be inferred from the quality of the the universities which have provided the fellows. Harvard University and Univ. of California (Berkeley) top the list. Some other universities (in order of decreasing numbers) include Univ. of Wisconsin, Cornell Univ., Univ. of Illinois, Mass. Inst. of Tech., Univ. of Maryland, Univ. of Colorado, Princeton Univ. and the University of Chicago.

By attracting some of the Nation's top PhD's to the fellowship program, NBS has benefited from the research of gifted young scientists and has been able to attract top scientists to its staff.

For example, Dr T.W. Madey, Deputy Chief of the NBS Surface Science Division and Leader of the Surface Structure and Kinetics Group, was awarded the American Vacuum Society 1985 Medard W. Welch Award for research on surfaces: Dr Madey started his career at NBS in 1963 as a NRC/NBS Research Associate. Other former Associates include

—Dr K. Pratt, winner of the IR-100 award, a leader in the NBS electrochemistry program
—Dr R. Hocken, presently Chief of the Automated Production Technology Division
—Dr G. Downing, a leader in activation analysis who pioneered neutron-depth profiling techniques and developed NBS collaborations with 15 semiconductor industries and 20 universities.

One could site many more instances of Associates who have gone on to illustrious careers at NBS. In fact, approximately 200 members of the NBS staff started out as Associates: their contributions to the Bureau in terms of research and leadership have been outstanding, as the number of Department of Commerce awards (60) and awards from the scientific community attest. Considering the relatively small cost of the Program, it is difficult to think of a more cost effective activity in the NBS budget.

The impact of the NRC/NBS Associateship Program on the national scene is broad. For example, of the 48 Associates in the NBS Institute for Materials Science over the past ten years, eight went to academia, three to national laboratories and seventeen to industry. Fourteen have joined NBS, and six are still in the program. Thus, the program serves a broad educational and training function that benefits every sector of research in the U.S.

The list of former Associates contains many outstanding scientists in my own particular field—atomic, molecular and optical physics: Peter Bender, who played a major role in laser tracking of the moon and is planning future satellite-based gravitational radiation experiments; Jim Faller, who has developed the world's most sensitive gravitometers for research and industry; Gordon Dunn, a leader in low energy ion reaction kinetics and formerly the directory of the Joint Institute of Laboratory Astrophysics; John Hall, internationally recognized leader in high precision lasers; Harvey Gould, high energy atomic physicist at Berkeley; Joe Macek, one of the Nation's leading atomic theorists. I note that John M Deutch, formerly the Undersecretary for Energy Research at Research at the Department Of Energy and now Provost of Massachusetts Institute of Technology, started his career as an NBS Research Associate.

It seems to me that the evidence for the success of the NRC/NBS Research Associateship Program is overwhelming. Unless the Associateships are restored, NBS will be set back and the Nation will lose a resource that has benefited every aspect of the scientific sector.

Please call on me if I can be of any further help.

Yours sincerely,

Dan Kleppner

Daniel Kleppner
Lester Wolfe Professor
of Physics

TUESDAY, APRIL 8, 1986.

NATIONAL BUREAU OF STANDARDS

WITNESS

HON. DOUG WALGREN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. WALGREN. If I might ask permission to submit my statement for the record.

Mr. SMITH. We will do that.

Mr. WALGREN. As Chairman of the Subcommittee of Science and Technology that works in this area, we just want to emphasize how valuable we think these programs are; that we have not found any support for the $16 million in cuts that the Administration budget would require, and therefore we have worked to reinstate those programs but, yet, frozen the overall level at fiscal year 1986 levels.

There is no room for the cold neutron source if we do that. We authorize such sums as may be necessary for that neutron source. It is a very valuable program but certainly it is a construction program, and the difficulty of turning to adding that amount of pure construction in what amounts to operating budget is that you would wipe out literally 10 percent of the operating—

Mr. SMITH. What kind of amount are you talking about?

Mr. WALGREN. Pardon me?

Mr. SMITH. What kind of sum are you talking about?

Mr. WALGREN. I think it is $17 million, and that would eliminate 10 percent of the operating efforts that are presently going on at Bureau of Standards. And in fairness, looking in the private sector, we can find no support for those reductions, and the only test that these are very, very valuable contributions to both economic growth, and in the case of Fire, to Health and Safety, we cannot support those kinds of cuts.

So, we do authorize such sums as may be necessary in the hopes that in our process in working with the Administration, in view of the fact that everyone agrees on the value of cold neutron source, we might be able to find those monies in a construction budget, but to trade them for elimination of an operating budget in the only civilian agency in the Federal Government that is involved in areas as important as Bureau of Standards is, does not seem to be able to be recommended by anyone.

So, if I might, I would like to submit my statement for the record.

We have not gone to full committee yet. We are awaiting the developments of the budget so we know where a freeze level from 1986 fits in, but certainly given the recognition of value that even the Administration has in the Bureau of Standards. And we would certainly want to be in that area.

[The statement of Mr. Walgren follows:]

STATEMENT OF THE HON. DOUG WALGREN BEFORE THE SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE, AND THE JUDICIARY

APRIL 8, 1986

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE. THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO DISCUSS THE FUNDING RECOMMENDATIONS OF THE SCIENCE, RESEARCH AND TECHNOLOGY SUBCOMMITTEE FOR THE NATIONAL BUREAU OF STANDARDS FOR FISCAL YEAR 1986 IN THE AMOUNT OF $124.0 MILLION; THE OFFICE OF PRODUCTIVITY, TECHNOLOGY AND INNOVATION IN THE SUM OF $2.4 MILLION; AND THE NATIONAL TECHNICAL INFORMATION SERVICE IN THE AMOUNT OF $537,000. THE BILL WAS FAVORABLY REPORTED OUT OF SUBCOMMITTEE ON MARCH 19, 1986 WITH BIPARTISAN SUPPORT.

THE ADMINISTRATION HAS PROPOSED A BUDGET OF $123,953,000 FOR THE BUREAU, WHICH IS $32,000 LESS THAN THE FY 1986 APPROPRIATION, AND INCLUDES A TOTAL OF $16 MILLION IN PROGRAM REDUCTIONS, PRINCIPALLY TO PAY FOR A COLD NEUTRON SOURCE FACILITY AND FOR THE COSTS OF INFLATION. IMPLEMENTATION OF THESE CHANGES WOULD REDUCE THAT PORTION OF THE NBS WORKFORCE FUNDED BY DIRECT APPROPRIATIONS BY OVER 10%. AS IN OTHER YEARS WHEN THE SUBCOMMITTEE WAS FACED WITH AN UNWORKABLE NBS BUDGET PROPOSAL, THE SRT SUBCOMMITTEE HAS DEVELOPED ITS OWN PROPOSED BUDGET THROUGH AN AMENDMENT IN THE NATURE OF A SUBSTITUTE. HOWEVER, THIS YEAR WE HAVE FELT THE NEED TO LIMIT THE TOTAL NBS AUTHORIZATION EXCLUSIVE OF THE COLD NEUTRON SOURCE FACILITY TO THE FY 1985 AND FY 1986 APPROPRIATION LEVEL OF $123,985,000. WE HAVE RESTORED THE FIRE AND BUILDING RESEARCH PROGRAMS, AS WELL AS THE CUTS IN FUNDING FOR THE INSTITUTE FOR COMPUTER SCIENCE AND TECHNOLOGY AND THE DIRECTOR'S COMPETENCE FUND. WE KEPT THE ADMINISTRATION'S PROPOSED ADJUSTMENTS TO

BASE AND NEW INITIATIVES EXCEPT FOR THE COLD NEUTRON FACILITY, AND ADDED MODEST INCREMENTS FOR PROCESS AND QUALITY CONTROL AND COMPUTER SECURITY. WE ACCEPTED THE PROPOSED CUT IN THE POSTDOCTORAL PROGRAM BUT FOR ONE YEAR ONLY. THEN TO BRING THE NBS OPERATING BUDGET BACK TO A FREEZE LEVEL WE INSTITUTED A 5% ACROSS-THE-BOARD CUT IN ALL PROGRAMS EXCEPT FOR THE RESEARCH ASSOCIATES PROGRAM. THE SUBSTITUTE ALSO FREEZES THE FY 1986 BUDGET FOR OPTI AND NTIS. THE EXPLANATION OF EACH OF THESE CHANGES WILL BE CONTAINED IN OUR SUBCOMMITTEE REPORT WHICH WILL BE SUPPLIED TO YOU AS SOON AS IT IS COMPLETED.

FOR THE COLD NEUTRON FACILITY, THE SUBCOMMITTEE HAS AUTHORIZED SUCH SUMS AS ARE NECESSARY. THE COMMITTEE RECOGNIZES THAT THE COLD NEUTRON SOURCE IS A VALUABLE NATIONAL RESEARCH FACILITY. HOWEVER, WE CANNOT SUPPORT THE ADMINISTRATION'S PROPOSAL TO ELIMINATE VITAL CONTINUING PROGRAMS AT THE BUREAU IN ORDER TO PAY FOR ITS CONSTRUCTION. WE ALSO REALIZE, DUE TO LONG LEAD PROCUREMENT ITEMS, THAT $17 MILLION RATHER THAN THE REQUESTED $10 MILLION IS THE OPTIMUM FIRST YEAR FUNDING FOR THIS PROJECT. WE WOULD HOPE THAT A WAY CAN BE FOUND SOON TO BUILD THIS FACILITY, WHICH IS CRUCIAL TO OUR WORLD ECONOMY AND WORLD TRADE, EITHER THROUGH SUPPLEMENTAL APPROPRIATIONS OR A RESHUFFLING OF PRIORITIES OUTSIDE NBS. WE ALREADY LAG BEHIND THE EUROPEANS AND THE JAPANESE IN THIS VERY IMPORTANT RESEARCH AREA, AND WE CANNOT AFFORD TO DELAY ANY LONGER.

FOR THE OFFICE OF PRODUCTIVITY, TECHNOLOGY AND INNOVATION (OPTI), THE ADMINISTRATION HAS AGAIN PROPOSED THE ELIMINATION OF THIS OFFICE BY THE END OF THE NEXT FISCAL YEAR. THE SUBCOMMITTEE HAS RESTORED FUNDING AT THE APPROPRIATED FISCAL YEAR 1986 LEVEL OF $2.4 MILLION IN THE

BELIEF THAT OPTI PERFORMS VALUABLE SERVICES IN THE AREAS OF COOPERATIVE ACTIVITIES BETWEEN GOVERNMENT AND INDUSTRY. OPTI IS THE PRIMARY OFFICE IN THE GOVERNMENT FOR STIMULATING INCREASED PRODUCTIVITY AND NEW PRODUCT DEVELOPMENT. THE SUBCOMITTEE BELIEVES IT SHOULD CONTINUE TO BE SUPPORTED UNTIL A REALISTIC PLAN IS DEVELOPED FOR THE CONTINUATION OF OPTI'S IMPORTANT FUNCTIONS ELSEWHERE.

THE SUBCOMMITTEE ALSO AUTHORIZES THE SUM OF $537,000 FOR THE PATENT LICENSING ACTIVITIES OF THE NATIONAL TECHNICAL INFORMATION SERVICE (NTIS), WHICH IS THE FY 1986 APPROPRIATED LEVEL.

AS CHAIRMAN FUQUA HAS ALREADY MENTIONED, THE FULL COMMITTEE HAS NOT YET MET TO CONSIDER THE SUBSTITUTE BILL, BUT I WOULD HOPE THAT WE CAN EXPECT TO HAVE THE SAME BIPARTISAN COOPERATION THAT WE HAVE ENJOYED IN PREVIOUS YEARS.

WE WOULD ALSO HOPE TO WORK WITH YOUR COMMITTEE LATER IN THE YEAR IF INCREASES FOR CRITICAL PROGRAMS BECOME POSSIBLE.

Mr. **Smith**. Well, thank you both very much.

It is very difficult to figure out what we are going to do about this budget. We are going to have to go below freeze levels in some areas, and, as you indicate, even freeze level in many programs where construction funds are needed. It is very, very difficult. But we have always worked well with your Committee, and we will try to continue in the future.

Thank you very much.

Mr. **Walgren**. We certainly appreciate that, from my part. I know the others do, too.

Tuesday, April 8, 1986.

UNITED STATES INFORMATION AGENCY'S VOICE OF AMERICA

WITNESS

MSTISLAV ROSTROPOVICH, DIRECTOR, NATIONAL SYMPHONY ORCHESTRA

Mr. **Smith**. Mr. Rostropovich, Director of the National Symphony Orchestra. Please proceed.

Mr. **Rostropovich**. I know that is a discussion about budget for Information Agency. This is English that is not perfect.

This is my assistant.

I would like to deliver three sides of this problem of budget for this organization, Information Agency. I would like to touch a little bit the problem of Voice of America's exhibition and cultural with the Soviet Union for culture exchange. Maybe culture exchange.

I know that is now Government of United States signed some contract with Soviet Russia about culture exchange. I was until 1974 a Soviet. That is why us Soviet people before 1974 I see United States from inside the Soviet Union.

I was in exhibition teaching discussion with Mr. Kruschev and Mr. Nixon in Pavilan, and I was in this exhibit, and Soviet people know the impression make for me exhibition.

That is, Soviet people have no real information, freedom of information. We have Soviet newspapers, Soviet radio, Soviet television, and that is all information coming to Soviet people through this institution.

And exhibition from the United States, that is like impression for Russian people, like honey, and old people just jump for these exhibitions to see—see what happens there. That is why when exhibition in Soviet Russia that was thousands and thousands, hundreds of thousands of people come see this. That is important for Soviet people for to understand, really understand United States, what United States produces, what United States makes.

And, of course, I think that these exhibitions is part of work of Information Agency. And I think for making exhibition real, I am sure that Soviet Union, if make exhibition in the United States, not make any financial limit for real show here, best sometimes not, but best—and I think organize this kind of exhibition in the Soviet Union that is absolutely needed money, what I think musicians—and that is why I think level of American exhibition in Soviet Union must be not so high.

I think we just lost our power in front of the Soviet people who have enormous interests for United States. And also I think that is the problem, because if sometimes Soviet Government accept that people who live in Moscow, in Leningrad, that is no more close culture or style of life in the United States—that is Soviet Government little bit worried about provinces, because provinces are completely level of life in province, Soviet province, that is very, very low, very low. And I think that is enormous interests for United States.

Make exhibition possible, many societies as possible, in Soviet Union, not only, but also maybe some like Kiev or Minsk, but Gorky—I think that is Soviet Government locked this for an exhibition or for United States. Maybe different sources, because that is Soviet Union don't have interest in, if these people who have not enough food, not enough just clothing, that see real contact with people for United States.

That is why I think that is needed, because over our life now that is competition between two systems, and that is competition not only in intellectual exhibition for but that is competition between simple people in the United States and simple people in the Soviet Union.

I think that is United States organized some exhibition in Soviet Russia instead to see this exhibit Safeway food store, that is revolutionary in Russia people. That is why I think that for this kind of level exhibition that is needed money, they must have as much as they need. This is the opinion of the musicians, and I apologize for speaking so strongly and frankly.

I started with the cultural exchange that has just been signed. I was in Soviet Russia one of veterans of culture, because Soviet Government always say to me—also, I was one of the three first Soviet artists who visited in the United States, 1956, 1955, 1956 season, first coming here, after. And United States now with this culture must be saying to Russia for this type of exchange, best we have now in the United States, because if we stay in Soviet Russia, mediocre artists, mediocre culture event of Soviet Union, of course you lose enormously.

I was three times president of competition for cello section in the Soviet Union, and you know sometimes participants from United States have—we always see that is United States somebody, Mr. X—Mr. X coming in the States and play something so bad—and you know, people, Soviet people, very proud. That is culture. So low in United States. How cello—but Soviet Russian people don't understand. That is here, private initiative, why this cello coming, because father have, daddy have money, paid him ticket, and he come and play like—but in Soviet Russia, all organized in level of government.

For example, for participants for competition, musical competition, we have at least five or six different auditions inside Russia. First audition inside conservatory in different seating, 40, 50 greatest. After this, we have audition for separate and public that is like in United States in separate States' auditions.

Audition, coming to Moscow, and I, as president of this competition, was to hear all best young generation of musicians from all Soviet Union, and we take four or five candidates for competition after this. Government give to these people separate cottage near Moscow, with food, with doctors, and in this moment not these people must—Asians coming to my class in conservatorium and they are saying to me I must go to them and teach them, and you know that is why cultural I think—when the cannons are silent, that is when you have a culture war. And in this type of war the Soviet Union is always excellently prepared.

Now you are going to have a visit from the Bolshoi theatre—the best artists in the existence in the Soviet Union are now going to come to the States. I am very happy that Mr. Horowitz is going over there, who is truly one of our greats.

But what is going to happen afterward? Which money is going to support these cultural contacts? Which money is going to send the best artists over there? And what happens if once again the public sector does not support the initiative enough and there won't be enough money to send the very best artists over there?

The last I would like to say about Voice of America. I hear radio and I know all Russian language what happens in Voice of America. I am happy to tell to you that is really enormous progress for this kind of relation for these kind of connections, Voice of America.

But that is only one information with Russia from outside; that is Voice of America from the United States. And that is—it is a small, tiny peep hole that must be opened as wide as a window. And this window must provide the real information of truth. And not just political information.

I hear about consideration, about new documentation for last world war, et cetera, et cetera, and this information must not make smaller but make bigger, because that is very important to the Soviet people, open ears and open eyes from the life, and understand what has happened in the United States. It is going to make the propaganda job of Soviet Union within its own borders much more difficult, and the propaganda is much weaker.

Who is going to explain to the Soviet people that America is not warmonger, we do not want war first? Who is going to tell them that President Reagan doesn't have a loaded gun pointed at Moscow? That is really objective information must be coming from the United States from Voice of America. And I can say that as a Russian, because I think that this is truly necessary for the Russians that are still there.

We need it in Russia. I can say that. We need it in Russia. And as an American, and as someone who is here and who loves this country, I can say that the Americans need it, also.

Thank you very much.

Mr. SMITH. Thank you.

USIA has had a very good lobbyist in Mr. Wick. He has gotten his budget up to almost a billion dollars now. He ought to find room for the musicians.

Is that what you are saying?

Mr. ROSTROPOVICH. Yes. I think that is needed.

Mr. SMITH. I understand what you are saying.

I happen to have had the privilege of going to the theatre in Moscow one time. I think what you said is very important. It isn't easily understood and translated in times of tight budgets, but I am sure the Subcommittee will take into consideration everything you said.

Thank you very much.

Mr. **Rostropovich**. Thank you.

I can suggest where to cut it, but don't cut it here.

Mr. **Smith**. Thank you.

Mr. **Rostropovich**. Thank you.

Tuesday, April 8, 1986.

INS

WITNESS

CHARLES KAMASKI, DIRECTOR OF POLICY ANALYSIS, NATIONAL COUNCIL OF LA RAZA

Mr. **Smith**. Mr. Kamaski.

Mr. **Kamaski**. Thank you, Mr. Chairman.

For the record, my name is Charles Kamaski. I am Director of Policy Analysis for the National Council of La Raza.

I would like to thank you for the opportunity to testify today on the SAVE program, the Systemic Alien Verification of Entitlements, included in the Department of Justice and Immigration and Naturalization Service appropriation request.

First of all, there are several general considerations with respect to INS funding. We support continued funding of efforts to enhance INS operations and recognize certain important improvements which have been made in management systems and adjudications and naturalization backlogs.

However, INS spending in the past has been uneven, favoring enforcement of service functions. INS enforcement activity historically has received more funds and positions than service functions. This imbalance has consistently undermined INS's ability to fulfill its service mission in the past two years. For example, the gap between INS enforcement and service commitments has grown considerably.

INS budget statistics and projections show that from fiscal year 1979 to fiscal year 1985, funding for enforcement activities rose 104 percent, while examinations funding rose 48 percent.

One example of this trend and of the potential negative consequences of an increased bias toward enforcement in service operations is the proposed expansion through a $1 million fiscal year 1987 funding increase of the SAVE program. We believe that upon close examination such an increase is not justified.

First, allow me to explain briefly the purpose and the operation of the SAVE program. The INS has developed a three-pronged strategy to control undocumented immigration. Traditional border patrol and interior control operations are the first two prongs. SAVE, designed to squeeze out those undocumented immigrants denied employment opportunities, is the third.

The SAVE program allows State and local agencies access to INS computerized file systems for the purpose of verifying non-citizen applicants' eligibility for unemployment compensation, aid for families with dependent children, food stamps, and other entitlement programs. Under SAVE, applicants who are shown to be illegally in the country, or whose alien identification numbers do not appear on INS records, are referred to the INS for status verification.

In some cases, referred aliens are denied payments until proven eligible. In others, presumptive release of benefits is granted until ineligibility is established.

Completeness and accuracy of the data are key to the effectiveness of the system. If an applicant's name is not in the data base, then the system does not make sense. State and local agency personnel, and INS personnel, are already overworked and are required to conduct hard file searches which can take months, and the system appears to damage innocent individuals by deterring legally resident aliens from applying for and receiving benefits to which they are entitled.

An early General Accounting Office audit of a Los Angeles SAVE prototype system found that out of a total of 136 aliens who were denied benefits after a search by INS of local records in California, 50 were later determined to be legal, 5 illegal, and 81 with no record.

A review of SAVE operations in Chicago revealed that out of 600 cases where referred aliens did not appear at the INS district office, 62 were in fact legally eligible for benefits.

Current SAVE operations expose major problems in the system and undermine INS's rationale for increased funding expansion. First, the INS data bases are inadequate. Officials within INS have said that perhaps 30 percent of the legal aliens who should be in the automated file system are either not there or have been entered incorrectly.

I will cite a declaration of Harlin M. Keister, Jr., in a recent Federal case, where Mr. Keister, who is Chief of the Index System Section within the Office of Information Systems, Immigration and Naturalization Service, has noted that William J. Polly, Chief, Records Operations Section, Records Management Branch, INS, ". . . has informed me that there are currently 6.2 million records that have not been entered into the system, and that this backlog has been increasing steadily since 1979."

Secondly, SAVE has not saved much money. The INS has said that SAVE can potentially effect billions of dollars of cost avoidances, based on assumptions that undocumented aliens are engaged in a substantial amount of entitlement fraud throughout the United States.

All current credible research and SAVE pilot projects call INS assumptions into question. For example, for the entire year 1985, operating SAVE in all major entitlement programs, the State of Colorado discovered only 17 ineligible alien applicants, leading to only $3,046 in actual savings.

States with direct knowledge of SAVE operations have expressed serious concerns. The INS requests an additional funding for SAVE to allow formal implementation of the SAVE system, in 20 more

States; yet, several States, including New York and Washington, which the INS includes in its expansion plan, have rejected SAVE.

Quoting from a letter from the Department of Labor of the State of New York: "Recently, New York State participated in a short demonstration project in conjunction with the Immigration and Naturalization Service in their so-called SAVE program. Although this project extended only 13 weeks, the program produced only modest overpayments, but, more important, created considerable trauma and concern among claimants whose status was questioned and among staff, who were required to administer the project.

"The pilot project established that the data on the INS computer files is extremely unreliable. This led to unnecessary questioning of the status of many individuals admitted legally to this country under special programs, whose legal residence apparently is not recorded on the INS files."

This is a letter dated February 7, 1986.

Another from the Employment Security Department, State of Washington, dated February 24, 1986: "Based on my department's experience with the project SAVE concept, I am compelled to point out that there are significant problems with the timeliness and completeness of INS available information, and that the costs of the system appear to far outweigh the benefits. Until such time as the INS computerized system is further refined and fully evaluated, mandatory implementation in all States may prove to be counterproductive and not cost-effective.

"In addition, project SAVE has already sparked the interest of several constituent advocate groups across Washington State. It is likely that it will generate legal challenges nationwide which could prevent the future implementation of a more acceptable system."

Finally, SAVE has damaged innocent individuals. I refer you to the information I have already noted that suggests that many of the aliens who are legally entitled to benefits are deterred from applying for those benefits as a result of the SAVE program.

Finally, there are other considerations involved. Recently, the House Government Operations Committee requested a GAO investigation of INS automated data processing hardware procurement practices. The report found INS contract letting procedures to be improper and a waste of taxpayers' money.

The GAO has recommended that the INS major ADP equipment contract, obviously a key aspect of the large-scale verification, be cancelled.

SAVE may require significant adjustments within Federal agencies and departments with jurisdiction over entitlement programs targeted for INS verification operations. These adjustments may impact costs above those incurred by INS, and these costs must be factored into an analysis of the cost-effectiveness of expansion of SAVE.

Mr. Chairman, we recommend that. We recognize that further spending on SAVE is not justified. We strongly recommend that the subcommittee eliminate SAVE funding in the 1987 budget or, at a minimum, that it freeze spending at current levels until current problems with SAVE are adequately addressed.

Thank you.

[The information from Mr. Kamaski follows:]

APPROPRIATIONS OVERSIGHT HEARINGS
SUBCOMMITTEE ON JUSTICE, COMMERCE, STATE AND JUDICIARY
IMMIGRATION AND NATURALIZATION SERVICE

TUESDAY, APRIL 8, 1986

I. Introduction -- NCLR, INS, and SAVE

   A. "Mr. Chairman, Subcommittee members, I am..."

   B. Brief explanation of NCLR's work on/interest in the INS (paper, Hispanic community-INS relations)

   C. Specifically, we are here before you to express concern over proposed increases in funding for a new INS enforcement initiative -- the Systematic Alien Verification for Entitlements (SAVE) Program.

II. General Considerations re: INS Funding

   A. We support continued funding of efforts to enhance INS operations, and recognize certain important improvements which have been made in management systems and adjudications and naturalization backlogs.

   B. However, INS spending has in the past been uneven, favoring enforcement over service functions, and this imbalance has grown worse recently (see attachment #1).

   C. An example of this trend, and of the potential negative consequences of an increasing bias toward enforcement in Service operations, is the proposed expansion, through a $1 million FY87 funding increase, of the SAVE Program. We believe that, upon close examination, such an increase is not justified.

III. Analysis of the SAVE Program -- Considerations of the Appropriations Committee

   A. Brief explanation of the system (see attachment #2)

      1. Information-sharing system, adopted by some states voluntarily, which uses INS data to verify alien eligibility for public assistance.

2. Completeness and accuracy of data key to effectiveness of the system. If applicants' names are not in data base, then:

   a. The system does not make sense -- state and local agency personnel and INS personnel -- already overworked -- are required to conduct hard file searches which can take months; and

   b. The system appears to damage innocent individuals, by deterring legally resident aliens from applying for and receiving benefits to which they are entitled (see attachment #3; reference MALDEF case).

B. Current SAVE Operations Expose Major Problems in the System, and Undermine INS Rationale for Increased Funding/Expansion.

1. INS data bases are not adequate: Officials within INS have said that perhaps 30 percent of legal aliens who should be in the automated file system are either not there or have been entered incorrectly (see attachment #4).

2. SAVE has not saved much money: The INS has said that SAVE can potentially effect billions of dollars of cost avoidances, based on assumptions that undocumented aliens are engaged in a substantial amount of entitlement fraud throughout the United States. All current credible research, and SAVE pilot projects, call INS assumptions into question. For example, for the entire year 1985, operating SAVE in all major entitlement programs, the State of Colorado discovered only 17 ineligible aliens applicants, leading to only $3,046.00 in actual savings.

3. States with direct knowledge of SAVE operations have expressed serious concerns: The INS requests additional funding for SAVE to "allow formal implementation of the SAVE system in 20 more states...." Yet several states -- including New York and Washington, which the INS includes in its expansion plan -- have rejected SAVE (see attchment #5).

4. SAVE has damaged innocent individuals: (see attachment #6)

C. Other Considerations

1. Recently, the House Government Operations Committee requested a GAO investigation of INS Automated Data Processing (ADP) hardware procurement practices. The report found INS contract-letting procedures to be improper and a waste of taxpayers' money (see attach-

ment #7). The GAO has recommended that the INS' major ADP equipment contract -- obviously a key aspect of large-scale verification -- be cancelled.

2. SAVE may require significant adjustments within federal agencies and departments with jursdiction over entitlement programs targetted for INS verification operations. These adjustments may exact costs above those incurred by the INS, and these costs must be factored into an analysis of the cost-effectiveness of expansion of SAVE.

VI. Further Spending on SAVE Is not Justified; Other, More Effective Automated Systems Must be Enhanced

We strongly recommend that the Subcommittee eliminate SAVE funding, ② or at a minimum that it freeze spending at current levels, until current problems with SAVE are adequately addressed.

B. We strongly endorse an increase in INS funding, and recommend that funding be used to enhance long-neglected INS service functions through personnel increases, enhancement of Outreach, and meaningful programs of employee training. Specifically with respect to INS automated systems, we recommend:

1. Development of a more accurate and complete centralized automated file system; and

2. Increased funding for further development of so-called "casework support systems," such as the Naturalization Casework Support System (NACS), which have substantially assisted INS efforts to reduce backlogs and improve service in high-workload districts.

C. We appreciate the opportunity to make our views known to the Subcommittee. We will submit for the record a detailed statement on this issue, with attachments, by week's end. Finally, we look forward to working with the Subcommittee in the future, and would be happy to provide further information upon request.

STATE OF NEW YORK
DEPARTMENT OF LABOR
STATE OFFICE BUILDING CAMPUS
ALBANY, N.Y. 12240

LILLIAN ROBERTS
COMMISSIONER OF LABOR

February 7, 1986

Mr. William Heartwell
Interstate Conference of Employment
 Security Agencies, Inc.
Suite 126
444 North Capitol Street, N.W.
Washington, D.C. 20001

Dear Mr. Heartwell:

The requirement for state unemployment insurance administrators to verify the alien status of claimants, included in the proposed Immigration Control and Legalization Amendments Act of 1985 (H.R. 3810) gives us great concern.

Recently New York State participated in a short demonstration project, in conjunction with the Immigration and Naturalization Service, in their so-called SAVE program. Although this project extended only thirteen weeks, the program produced only modest overpayments, but more important created considerable trauma and concern among claimants whose status was questioned and among staff who were required to administer the project.

The pilot project established that the data on the INS computer files is extremely unreliable. This led to unnecessary questioning of the status of many individuals admitted legally to this country under special programs, whose legal residence apparently is not recorded on the INS files. An underlying weakness of any mandated program to verify the status of aliens, of course, lies with the fact that the claimant himself indicates whether he is a citizen or non-citizen. If the claimant does not indicate that he is a non-citizen, no verification of his status is undertaken.

Below I share with you some of our findings and observations from the SAVE pilot project:

1. Of 12,238 cases sent to INS for verification during the three-month pilot project, only 1,374 were returned as potential problems.

2. There was no significant benefit for the Department of Labor to participate in the SAVE program. Of 12,238 claims filed by non-citizens during the test period, only 54 cases resulted in overpayments totalling $51,722.00. It should be noted for perspective that New York State paid over $1 billion in benefits last year.

3. The INS computer files in Washington are unreliable. Many individuals granted special status such as political refugees from Cuba, Hungary, Poland, etc. were not in the computer files. In addition, the files in Washington did not show records of some individuals admitted over 30 years ago. In nearly every instance the INS district office provided information opposite of that furnished by the INS in Washington.

4. There was a great deal of trauma created among aliens legally admitted to the United States when they were advised of the data reported by INS in Washington. Many claimants were frightened and became quite upset. This had a further unsettling effect on operations in the local office.

5. INS response to information was not timely. Some requests were answered almost immediately while others took three months.

Because of the above situation, we are not interested in continued involvement with the SAVE Project. The proposed requirement in H.R. 3810 will be an unnecessary burden on State Employment Security Agencies and we are opposed to the proposal. We feel what is unsaid in this whole proposal is that the claimant who is answering the citizenship question honestly is the one whose status is pursued. There is no way to check on or detect the dishonest alien who answers the citizenship question incorrectly. It is more than likely that the true illegal alien will not be honest in answering this question.

If ICESA is going to take a position on H.R. 3810, we hope you will consider the experience of New York State with SAVE.

Sincerely,

Lillian Roberts

Lillian Roberts
Commissioner of Labor

STATE OF WASHINGTON
EMPLOYMENT SECURITY DEPARTMENT

February 24, 1986

The Honorable Rod Chandler
United States House of Representatives
Cannon House Office Building, Room 216
Washington, D.C. 20515

Dear Congressman Chandler:

The purpose of this letter is to alert you to the potential negative impact of H.R. 3810 on the state of Washington's Unemployment Insurance program. The House Judiciary's Subcommittee on Immigration, Refugees and International Law has adopted H.R. 3810 which would require a number of state-administered programs, including unemployment insurance, to participate in an alien status verification system designed by the Immigration and Naturalization Service (INS). Although no date has yet been scheduled, it is likely that the full Judiciary Committee will take up the bill this month.

The bill would require this department to do an eligibility check with INS on every person who applies for unemployment compensation who voluntarily identifies himself/herself as an alien. According to the bill, this verification would be done through an "automated or other system" designated by the INS. This language is said to mean "Project S.A.V.E." (Systematic Alien Verification for Entitlements).

I, and I am certain that you also, share the federal government's concern that unemployment insurance benefits not be provided to ineligible applicants. However, based on my department's experience with the Project S.A.V.E. concept, I am compelled to point out that there are significant problems with the timeliness and completeness of INS' available information and that the costs of the system appear to far outweigh the benefits. Until such time as the INS' computerized system is further refined and fully evaluated, mandatory implementation in all states may prove to be counter-productive and not cost effective. In addition, Project S.A.V.E. has already sparked the interest of several constituent advocacy groups across Washington State. It is likely that it will generate legal challenges nationwide which could prevent the future implementation of a more acceptable system.

Some of the specific problems my department has already identified with Project S.A.V.E. are:

- INS records are incomplete regarding the eligibility status of certain immigrants who may be otherwise eligible for benefits but who would be denied benefits if we were to soley rely on INS files.

- INS files are not timely or complete. On March 25, 1985, in the U.S. District Court of California in the matter of Jose Antonio Perez-Funes, et al. versus Immigration and Naturalization Service, et al., Mr. Harlin M. Keister, Jr., from INS made a most interesting declaration. Mr. Keister, as Chief of the Index System Section, within the Office of Information Systems, INS in Washington, D.C., declared: "...There are currently 6.2 million records that have not been entered into the system. This backlog has been increasing steadily since 1979....(staff) are unable to keep pace with the current records which are received at a rate of approximately 1.4 million per year..."

- H.R. 3810 addresses administrative funding for the system by amending Title III of the Social Security Act to provide for states to be reimbursed for 90 percent of the non-labor costs of implementing the verification system. The Interstate Conference of Employment Security Agencies, Inc. recently pointed out: "...Obviously, the major costs of the program would be staff, not equipment. Therefore, this bill would require states to participate but doesn't guarantee funding for the bulk of the cost of running the system..."

- Current INS savings estimates for the UI program, were Project S.A.V.E. to be implemented, are unrealistic and inaccurate. Those estimates are based on the assumption that all denied U.I. applicants are eligible for the maximum unemployment insurance benefit for the maximum period and that none of the denied applicants would have been identified by existing verification procedures. In the Washington State Employment Security Department, we already have policies and procedures in place to verify an alien's eligibility for benefits which also include verification with INS on an individual alien case basis as necessary.

- Adoption of Project S.A.V.E. in Washington State may unnecessarily invade the privacy rights of aliens eligible for unemployment compensation.

- This department's primary function, which is to deliver services, may be compromised were INS to use any information on aliens generated by us for law enforcement purposes.

- Were Project S.A.V.E. to be implemented in Washington State, there is a very good chance that costly litigation would ensue. Washington State would have to bear the expense of those suits as well as the administrative costs of reprocessing applicants should the system not withstand judicial review. We would also be subject to litigation claiming that certain categories of applicants were being discriminated against as a result of selective verification procedures.

- Project S.A.V.E. does not appear to be cost effective. My Investigations Branch has been involved in a pilot study of Project S.A.V.E. since October 1985. Five of my Job Service Centers across the state, including one with a large migrant farmworker population, participated in the pilot study during the months of October, November and December 1985. The Job Service Centers notified my Investigations Branch of every new applicant for unemployment insurance benefits who voluntarily indicated that he/she was not a U.S. Citizen. A total of 679 aliens were in the study's population. Investigations cleared 59.4% of the aliens as eligible for benefits because INS records indicated they were eligible to work in the United States. Investigations also cleared 37.7% of the aliens as eligible for benefits because INS had either no records or unverifiable records on those aliens. Consequently, 97.1% of the aliens applying for benefits in the study were cleared on this eligibility issue. (There could be other eligibility issues during the claim to preclude the payment of benefits which would be routinely handled in the unemployment insurance system.) About 2.3% of the aliens in the study are currently under investigation and only 0.6% of the aliens were determined ineligible as of January 31, 1986. Through January 31, 1986, the cost (salaries and benefits only -- no travel or other costs) of my department's detection of $11,197 in benefits overpaid to those 0.6% aliens was $3,927. By the time we add the staff and automation expenses of setting up the overpayments and the collection costs involved, we will have spent more money than was paid out originally.

In addition, you need to be aware that there will be no direct offset in benefits saved because we are dealing with administrative costs (i.e., funding from the Department of Labor) versus overpayments established against the state of Washington's Unemployment Insurance Trust Fund. Also, the collectibility of such identified overpayments is highly doubtful due to the traditional transiency (voluntarily or involuntarily) of this client population.

I trust you agree our results prove that "Project S.A.V.E." is not a cost effective program.

It must also be pointed out that the cost of implementing Project S.A.V.E. will be about $30,000 per state. This estimate provides for a single terminal and related communications costs. It does not include the cost of personnel for operating the terminal nor does it reflect the fact that many states will require terminals in more than one location if the system is to work effectively. Nor does the estimate include the additional administrative costs of fruitless investigations of many aliens who are entitled to benefits.

Given the current economic environment and the impact of Gramm-Rudman-Hollings on the Unemployment Insurance System nationwide, I firmly believe that this is the time for Employment Security agencies to call a halt to those outside forces which do not allow us to fulfill our mission. The implementation of Project S.A.V.E. in Washington State would require me to divert funds from other more cost effective activities in my unemployment insurance program to pay for what can be, at best, described as a questionable and costly verification system. Let me assure you, however, that I continue to do everything in my power to ensure that benefits are paid to only those applicants who are truly eligible. I continue to be committed to reducing fraud, waste and abuse in any Employment Security program in Washington State.

I encourage you to express your views on behalf of Washington State to the House Judiciary Committee and to any other Congressional member who may be interested in this issue.

Please do not hesitate to contact me should you require any further information on this subject. You may also wish to confer with the National Governor's Association and the Interstate Conference of Employment Security Agencies, Inc. for their views on Project S.A.V.E.

Sincerely,

Isiah Turner

ISIAH TURNER
Commissioner

IT:rs

cc: Governor Gardner
Region X, Department of Labor
Seattle District, Immigration and Naturalization Services
Secretary, Department of Social and Health Services
Evergreen Legal Services
Interstate Conference of Employment Security Agencies, Inc.
National Governors' Association
(Same letter sent to attached list)

The Honorable John Miller
United States House of Representatives
Rayburn House Office Building, Room 2268
Washington, D.C. 20515

The Honorable Al Swift
United States House of Representatives
Longworth House Office Building, Room 1502
Washington, D.C. 20515

The Honorable Don Bonker
United States House of Representatives
Cannon House Office Building, Room 434
Washington, D.C. 20515

The Honorable Sid Morrison
United States House of Representatives
Cannon House Office Building, Room 208
Washington, D.C. 20515

The Honorable Thomas Foley
United States House of Representatives
Longworth House Office Building, Room 1201
Washington, D.C. 20515

The Honorable Norm Dicks
United States House of Representatives
Rayburn House Office Building, Room 2429
Washington, D.C. 20515

The Honorable Mike Lowry
United States House of Representatives
Longworth House Office Building, Room 2429
Washington, D.C. 20515

The Honorable Rod Chandler
United States House of Representatives
Cannon House Office Building, Room 216
Washington, D.C. 20515

STATEMENT
ON THE
IMMIGRATION AND NATURALIZATION SERVICE
IMPLICATIONS FOR HISPANICS

BY

RAUL YZAGUIRRE
PRESIDENT
NATIONAL COUNCIL OF LA RAZA

BEFORE THE

HOUSE SUBCOMMITTEE ON IMMIGRATION, REFUGEES, AND INTERNATIONAL LAW

CHAIRMAN

HONORABLE ROMANO MAZZOLI

MARCH 27, 1985

STATEMENT
ON THE
IMMIGRATION AND NATURALIZATION SERVICE
IMPLICATIONS FOR HISPANICS

BY

RAUL YZAGUIRRE
PRESIDENT
NATIONAL COUNCIL OF LA RAZA

Mr. Chairman, and members of the Subcommittee, I now submit for the record the following statement on the Immigration and Naturalization Service (INS), on behalf of the National Council of La Raza. I do so in my capacity as President of La Raza, which is a private, nonprofit Hispanic organization dedicated to the improvement of the socio-economic status of all Hispanic peoples in the United States.

I. IMPROVEMENTS

A. New Management Strategies

Over the last few years, the Immigration and Naturalization Service (INS) has taken unprecedented steps to change its organizational structure, modernize its information systems, and improve its tarnished public image. These changes have brought some improvements which are welcomed by the Hispanic community.

INS has, in the past few years, brought ambitious, qualified people into certain key management positions, and streamlined departmental organization to improve the decision-making process. New strategies in the Examinations Division, such as the Balanced Adjudications System, have been innovative and have brought about certain positive results.

B. Automation

INS has made modernization of recordkeeping and information management a top priority, and is now in the equipment acquisition phase of its automation process. Because timely statistics are essential to sound policy formulation, and given a discouraging INS legacy of lost files, these efforts are welcomed by the Hispanic community.

Still, all indications suggest that the INS has far to go to successfully complete the automation process. The foundation of INS alien information -- data bases within the District Offices -- relies largely on paper filing systems, and "bugs" in newly automated central information systems still lead to inaccuracy in computer checks and cross-indexing. Given the INS' increasing reliance on these systems, in large-scale projects such as the SAVE Program, these shortcomings may have very serious implications.

C. Backlog Reductions

There is tangible evidence of improvement in INS operations. INS has made impressive gains in certain areas toward its goal of nationwide backlog reductions (see chart #1). Naturalization backlogs have dropped from an average of five months to less than two months, despite a rapidly growing workload. In San Francisco, an INS task force reportedly reduced naturalization backlogs 98 percent in one year, and the Harlingen, Texas office cut its backlog from 14.5 months to 2.5 months. These achievements directly benefit Hispanic immigrants and citizens who can, in a growing number of cases, avoid the extreme delays which were common in the past.

II. CONCERNS

A. Service Problems

Particularly in the area of service to the public, the INS still faces grave problems. While overall reductions in backlogs have been achieved, persons in certain INS districts still suffer through long delays associated with continuing backlogs. In Los Angeles, for example, the naturalization backlog is currently listed at 15 months, an increase from the 8.1 month figure listed by the INS last fall. Similarly, in Newark, Philadelphia, and San Antonio, District Office backlogs actually increased in FY 1984 (see chart #2). La Raza is concerned that, given very limited service resources, reductions in backlogs in some INS districts appear to have been achieved through removing needed resources from other District Offices to mount concentrated task force efforts in notorious trouble spots.

In addition, the growing use of "up-front" application processes may result in somewhat misleading reductions in backlogs. Several INS District Offices have initiated the "up-front" procedure, wherein applicants do not mail in their petitions and wait for an appointment, but rather schedule a date on which they complete the entire petition process in person. Under this system, those persons waiting to schedule appointments for single-day review of applications will not be included as backlog cases on INS computer files, even though their cases are pending. Given the heavy workloads of District Office examiners, applicants may have to wait many months for appointments.

Another developing problem involves the Balanced Adjudications System, initiated by the INS to more effectively allocate limited resources with the goal of backlog reduction. The system streamlines adjudications in part by "remoting" a growing number of applications to Regional Adjudication Centers (RACs), which maximize productivity by minimizing adjudicators' contact with the public. Although the program has apparently been very successful in reducing pending caseloads in some areas, it makes little provision for prompt clarifiction of applicant error. Minor clarifications of applications which in the past were handled through single phone calls now may mean substantial delays in application processing time, and may even jeopardize fair review of some cases. In particular, we have received reports which suggest that, while successful applications take relatively little processing time in the RACs, those persons filing remoted applications which are denied may face months of confusion and uncertainty.

On a broader scale, INS service to the public suffers from lack of adequate funding, staffing, and training. Irrespective of the past two years' changes in management strategy, there is no substitute for long-needed, targeted increases in funding for INS service activities. INS enforcement activities have historically received substantially more funding and positions than service functions, and this imbalance has consistently undermined the INS' ability to fulfill its service mission. In the past two years, however, the gap between INS' enforcement and service commitments has grown considerably (see chart #3). INS budget statistics and projections show that, from FY 1978 to FY 1985, funding for enforcement activities rose 104 percent, while examinations funding rose 48 percent. Over two-thirds of the increase in enforcement funding has occurred since FY 1982. The current fiscal year's budget adds approximately 1,000 Border Patrol positions, and the FY 1986 budget proposes further increases in enforcement functions.

In contrast, service funding and staffing levels have remained virtually unchanged, and, with inflation, have in effect been significantly reduced. Even given the progress, noted earlier, in management strategies and allocation of very limited resources, many problems remain which no amount of streamlining will effectively solve. Examinations staffing levels are too low, and staff face an ever-growing workload; training levels are inadequate, and lack orientation toward educating examiners and contact representatives on the most current INS procedures and in instilling knowledge and respect of Hispanic and other immigrant groups. Crowded, unpleasant local working conditions, which undoubtedly lead to INS personnel frustration and strain INS relations with the immigrant community, persist in INS District Offices nationwide.

B. Outreach

At a time when streamlining is placing an increasing importance on the quality of applications, the importance of INS' role in effectively training local immigration service organizations has grown proportionately. The fact that INS' Outreach Office exists in "Project" status, rather than in permanent "Unit" status, has led to the office's continual underfunding, its use for related temporary projects which for lengthy periods consume all Outreach personnel and resources (an example being the current Cuban Adjustment Program), and the danger of the office's being eliminated solely by administrative decision. According to our reports from the field, the current streamlining efforts and continual changes in INS procedure are intensifying the need for skilled representation of applicants for immigration benefits, which in turn relies on timely, effective training. Still, INS' Outreach Office has only three full-time training coordinators.

C. Enforcement Abuses

The issue of differential treatment of Hispanics in the administration of immigration laws remains a critical concern of the Hispanic community. While it is estimated that about 60 percent of the undocumented immigrants in the country are Hispanic, over 90 percent of persons apprehended, searched, detained, and expelled are Hispanic — and the proportion apparently is growing. INS interior enforcement efforts often threaten the civil and human rights of Hispanics. For example, in Northern California farming communities over the past year, the INS conducted several area control operations which were frighteningly discriminatory in their impact on local Hispanic communities. "Sweeps" in Sanger, Parlier, and other towns, where Hispanic neighborhoods were sealed off and all clientele in Hispanic-owned restaurants and bars were detained and questioned for as long as two hours, have led to lawsuits which once again allege INS abuse of Hispanics' civil rights.

With regard to interior enforcement efforts, La Raza suggests that the INS re-examine the cost-effectiveness of its area control operations. Incidents such as those described above damage public opinion of the INS, while INS statistics show that apprehensions related to area control operations have dropped steadily in the past several years. In 1980, 105,045 apprehensions, nearly 12 percent the total, occurred during these operations; that figure fell to less than 65,000, five percent of the total, in 1984. Since area control operations have engendered continual civil rights abuses against Hispanics, and since field reports indicate that a clear majority of aliens so removed re-enter the United States within relatively short periods, La Raza contends that area control is counterproductive in terms of INS resource allocation, litigation costs, and abuses of innocent persons.

Furthermore, new enforcement agency coordination, initiated after a 1983 INS policy change, has led to objectionable "piggy-backing" of INS activities on the search and seizure powers of other, legally unrelated law enforcement agencies. In one case, INS agents disrupted an investigation of licensing fraud in Chicago by using the City's employment records to identify undocumented aliens, provoking the City's Mayor to issue a public statement of non-cooperation with INS. Passage of resolutions of non-cooperation with INS in several other affected communities, including San Jose, California and Sanger, California, underscores the level of public concern which certain area control efforts have generated.

D. The SAVE Program

A new enforcement project, the Systematic Alien Verification for Entitlements (SAVE) Program, has been implemented by INS to "squeeze out" undocumented aliens from the United States by denying them entitlement benefits. In the SAVE process, state and local entitlement agencies are provided access to INS' automated central alien information system; employees at these agencies "verify" the eligibility of applicants who indicate non-citizen status through an INS computer check. Aliens who are shown to be illegally in the country or who are not listed in INS files either are denied payments or are referred to INS for status clarification. In many cases, those so "referred" do not appear at INS offices, and are therefore presumed to be unentitled to benefits. The INS projects huge savings based on initial experiences with the SAVE Program.

Both the projected cost savings and the overall fairness of the progam are questionable, however, and warrant further investigation before scheduled expansion of the program occurs. INS cost avoidance estimates apparently assume extremely high rates of undocumented aliens' use of entitlements. More important, there have been many documented cases in which legal resident aliens were denied benefits because of gaps in INS automated file systems. Court-ordered investigations in Illinois and a General Accounting Office (GAO) audit of similar verification processes in California have shown that a significant proportion of referred aliens who "fail to appear" are in fact eligible, demonstrating that SAVE is deterring legal residents from receiving benefits to which they are entitled.

E. The Office of Professional Responsibility (OPR)

To INS' credit, a much needed emphasis on reform of the Office of Professional Responsibility (OPR), an independent Department of Justice division which investigates claims of INS staff misconduct, has slowly taken shape in the past several years. However, grave faults persist. A report released recently by the Department of Justice deplored the lack of cooperation by INS officials with OPR investigators, lack of Border Patrol oversight, and incidents of abuse and corruption. Continued budgetary limitations effectively deny OPR the capacity to fully carry out its crucial functions.

F. Cuban Adjustment Program

The adjustment of Mariel Cubans under the Cuban Adjustment Act of 1965 will soon begin. Many organizations now working with the affected population have raised concerns over the procedures INS plans to use to determine the eligibility of Cubans applying for adjustment under the program, and the circumstances under which Mariel applicants might be subject to deportation to Cuba. The attached Fact Sheet, prepared by a coalition of Hispanic, civil liberties, and immigrant assistance organizations, fully explains these concerns, which demand prompt clarification. The coalition's fundamental concern is that certain Cubans may be deported before receiving the procedural and substantive due process to which they are entitled. A careful review of all cases, against publically defined criteria, must be undertaken to ensure fair, successful implementation of the program.

III. RECOMMENDATIONS

The National Council of La Raza recommends that current commendable efforts to improve the overall effectiveness of the INS be continued and expanded in a reasonable, balanced fashion, taking into account continued scarcity of service activity resources and persistent reports of enforcement-related abuses. Specifically:

- The historic and growing gap between INS' enforcement and service budget commitments must be reduced, through sustained increases in service funding and staffing levels, if the agency is to meet its statutory responsibilities for providing efficient, courteous immigration benefits to all legally entitled individuals.
- This enhancement of services must include an expansion and improvement of INS employee training.
- INS Outreach must be given permanent "unit" status, personnel, and funds, all necessary to complement current "streamlining" measures which place increasing importance on the quality of applicants' petitions.
- Since INS officials have acknowledged that area control operations to apprehend undocumented immigrants are "now the lowest priority as [they are] least effective in stemming the flow of illegal immigration into the U.S." (INS Records and Information Conference, 4/29-5/3, 1984), and because continued civil rights abuses are associated with these activities, interior control methods should be de-emphasized within the INS' enforcement programs.

- There exists a clear need for immediate reform of the Office of Professional Responsibility (OPR). While INS personnel heading OPR have reportedly increased attention to civil rights violations, the Office has neither the investigators nor the stature to effectively address issues of profound concern to the Hispanic community. Therefore, La Raza recommends that the INS both increase OPR resources and adopt a firm policy to ensure all INS personnel's cooperation with OPR efforts.

- La Raza urges the INS to carefully review its SAVE Program before expanding it to additional states as planned. While La Raza supports the goals of the SAVE Program, the deterrence of legally entitled persons' participation in programs providing health care assistance and food supplements must be addressed and eliminated.

- Finally, in the interest of preserving the United States' deserved image as a guarantor of all individuals' due process rights, La Raza calls on the INS to recognize and address procedural concerns which have been raised with respect to the current Cuban Adjustment Program. The confidence of all parties involved — especially the affected immigrant community and cooperating Voluntary Agencies -- is essential to the program's successful completion, and will be instilled only through prompt clarification and, where necessary, revision of INS procedure.

IV. CONCLUSION

The National Council of La Raza and the Hispanic community recognize and applaud the INS' recent efforts to increase the overall effectiveness of the agency, and welcome the positive results achieved to date. These initial steps have enhanced the management base on which all future functions will rest. It is now imperative that adequate attention be given to correcting continuing flaws in the INS' service to the public, and eliminating continuing abuses of civil rights of Hispanics and others who come into contact with the Service.

Attached are several appendices to the preceding statement, which La Raza submits for the record.

CHART #1

IMMIGRATION AND NATURALIZATION SERVICE
NATURALIZATION BACKLOG REDUCTIONS
FIVE LARGEST DISTRICT REDUCTIONS

	END OF FY 1983		END OF FY 1984		
CITY	MONTHS	CASES PENDING	MONTHS	CASES PENDING	PERCENT REDUCTION
San Francisco	8.8	27,527	0.2	13,836	98
Harlingen	14.5	3,374	2.5	867	87
Washington, D.C.	15.7	6,522	4.1	4,011	74
Los Angeles	20.3	58,476	8.1	34,374	60
New Orleans	12.1	5,509	6.6	4,030	45

SOURCE: INS

CHART #2

IMMIGRATION AND NATURALIZATION SERVICE
NATURALIZATION BACKLOGS INCREASES
FIVE LARGEST DISTRICT INCREASES

	END Of FY 1983		END OF FY 1984		
CITY	MONTHS	CASES PENDING	MONTHS	CASES PENDING	PERCENT INCREASE
San Antonio	2.6	2,656	8.1	5,185	212
Philadelphia	1.7	2,030	3.2	3,791	83
Newark	3.4	9,090	4.8	14,847	41
Houston	8.8	7,538	9.0	8,081	11
Chicago	1.4	8,185	1.5	12,889	7

SOURCE: INS

CHART #3

IMMIGRATION AND NATURALIZATION SERVICE
FY 1978-1985 FUNDING/POSITIONS LEVELS
ENFORCEMENT vs. EXAMINATIONS

	ENFORCEMENT		EXAMINATIONS	
FISCAL YEAR	FUNDING ($000)	POSITIONS	FUNDING ($000)	POSITIONS
1978	145,288	4,888	83,676	2,701
1979	145,896	4,516	83,939	2,717
1980	169,042	4,764	102,700	2,762
1981	193,265	4,503	104,639	2,626
1982	222,265	4,835	106,576	2,586
1983	230,727	4,985	114,603	2,512
1984	241,958	4,837	122,734	2,620
1985	296,209	5,811	124,122	2,615

SOURCE: INS 1985 Budget Highlights

- While the INS has said that "all aliens in contact with INS are issued A numbers,"[7] Florida Department of Labor officials were told this year by the INS that only Permanent Resident Aliens (PRAs) were covered in the local automated file system. Conditional entrants, asylees, parolees, and other types of eligible aliens were reportedly not included.[8]

- A significant number of aliens with Permanent Resident Under Color of Law (PRUCOL) status are eligible for certain entitlement programs.[9] These aliens are not "verifiable" through the SAVE Program.

As a result of these system limitations, millions of aliens in the country who are entitled to those public assistance programs targeted by the INS are not now "verifiable" through SAVE.

SAVE contains another basic flaw. Since applicants who indicate citizen status are not subject to verification,[10] the program would allow those intent on fraudulently receiving benefits to do so easily.

C. Damaging Effects of SAVE Program Flaws

Data problems inherent in the SAVE Program as it now operates may jeopardize individuals and state and local agencies in distinct, serious ways.

Individuals: In a number of documented cases, SAVE prototypes have deterred eligible aliens from collecting benefits. As explained earlier, aliens whose "A" numbers do not appear in INS computer checks are referred to an INS District Office for status verification. Most aliens referred to the INS do not go to the INS, and are denied benefits.[11] The INS has continually asserted that all aliens denied benefits in this way are undocumented and therefore ineligible.[12]

However, aliens whose numbers do not appear during computer checks, but who are legally entitled to benefits, are apparently reluctant to report to the INS District Office for status verification. In this way, SAVE acts as a substantial deterrent to aliens' lawful use of public assistance. While it is not clear exactly why referred eligible aliens do not appear at INS,[13] it is certain that deterrence has occurred, resulting in wrongful denial of benefits. For example:

- An early General Accounting Office audit of Los Angeles' SAVE-prototype system found that "out of total of 136 aliens who were denied...benefits after a search by INS of local records in California, 50 were later determined...to be legal, five illegal, and 81 with no record...."[14]

- A review of SAVE operations in Chicago revealed that, out of 600 cases where referred aliens did not appear at the INS District Office, 62 were in fact legally eligible for benefits.[15]

These and other cases of wrongful denial raise substantial due process questions related to SAVE Program inadequacies.[16] There are other, indirect risks to individuals. To the extent that deterrence reduces participation in health care and immunization programs, for instance, SAVE poses potential public health risks.

NATIONAL COUNCIL OF
LA RAZA
Raul Yzaguirre, President

National Office
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MEMORANDUM

TO : Interested Parties
FROM : Charles Kamasaki and Dan Purcell
SUBJ : INS SAVE Program — The Question of Nationwide Adoption
DATE : November 20, 1985

I. SUMMARY

During mark-up of the Immigration Control and Legalization Amendments Act of 1985 (H.R. 3080), the House Immigration Subcommittee adopted an amendment which mandates nationwide implementation of the Systematic Alien Verification for Entitlements (SAVE) Program. SAVE, an Immigration and Naturalization Service (INS) enforcement initiative, is designed to determine the eligibility of noncitizen applicants for entitlement programs through computer checks of INS automated file systems. The House amendment would require use of SAVE in all major entitlement programs, including housing and higher education assistance. While the objectives of the program appear sound, initial reports from the General Accounting Office (GAO), state and local personnel, and legal analysts show that data "gaps" and other problems inherent in the current SAVE system have led to wrongful denial of benefits, and pose due process, public health, and other serious concerns. Nationwide adoption of SAVE now, for these reasons, would be dangerously premature.

II. BACKGROUND

The INS has developed a three-pronged strategy to control undocumented immigration. Traditional border patrol and interior control operations are the first two prongs; SAVE, designed to "squeeze out" those undocumented immigrants denied employment opportunities, is the third.

The SAVE Program allows state and local agencies access to INS computerized file systems for the purpose of verifying noncitizen applicants' eligibility for Unemployment Compensation, Aid for Families with Dependent Children (AFDC), Food Stamps, and other entitlement programs. Under SAVE, applicants who are shown to be illegally in the country or whose Alien Identification ("A") numbers do not appear on INS records are referred to the INS for "status verification." In some cases, referred aliens are denied payments until proven eligible; in others, "presumptive release" of benefits is granted until ineligibility is established.

Commissioner Nelson has actively sought SAVE agreements with state and local governments over the past year, with limited success.[1] SAVE now operates on a limited basis in California, Illinois, and Colorado, and pilot programs are under way in Houston, Miami, and New York. The INS claims that SAVE has brought about major cost avoidances in the three states using the program. INS Commissioner Alan Nelson said early this year that nationwide implementation of SAVE could avoid almost $11 billion in fradulent public assistance payments annually.

POST 3/29/86

Immigration Service Accused Of Violations, Wasting Money

GAO Reports on IBM Computer Contract

Associated Press

The Immigration and Naturalization Service violated federal regulations and wasted taxpayers' money in awarding a $61.3 million computer contract to IBM Corp., the General Accounting Office said in a report released yesterday.

The congressional investigators said the May 1984 contract award was manipulated by INS officials. Violations included a late-night meeting between INS officials and IBM executives after the company and a competing firm submitted their "best and final offers," the GAO said.

In the meeting, 12 days before the contract award, IBM's "final" offer was reduced by $3.3 million, making it $2,713 lower than the comparable offer from Electronic Data Systems, the report said.

The contract was for hardware and software equipment.

The report, prepared for House Government Operations Committee Chairman Jack Brooks (D-Tex.), said the INS improperly:

- Evaluated IBM's offer of a decentralized system favorably and effectively downgraded EDS's proposal for a centralized system, even though both had been told that a centralized system was required.
- Accepted, nine days after the contract was awarded, IBM's proposed changes in the size and configuration of the system. The changes expanded the agency's computing capacity fourfold and also increased the costs.

Jim Harroun, a spokesman for IBM's Federal Systems Division, said, "There was no funny late night meeting. We did not knock down our bid. We were asked to come in and clarify the bid and we did that. The meeting was open and above board."

The GAO said the contract should be canceled. However, the Justice Department announced last December that only the final phases of the contract would be canceled.

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IMMIGRATION STATISTICS

A Story of Neglect

N NAS
R NAE
C IOM

Early ADP Systems

Two major systems were developed in the early 1970s to keep track of the files maintained by the INS and to maintain a record of the millions of nonimmigrants, such as visitors, students, and others who come to the United States each year. The master index system, operational since 1972, was the first agencywide effort to introduce automation at the INS. The second, the nonimmigrant document control system, was an index of the records of arrival and departure of visitors and other nonimmigrants to and from the United States.

The Master Index System

The master index is a system of records that identifies the field location of files for the more than 12 million aliens who entered or were excluded from the United States since 1959. Documents for those who entered the country earlier are recorded on microfilm. The records in the master index are accessible either by the alien's file number (A-number) or by the alien's name and date of birth. The master index file includes the A-number, name, date of birth, country of birth, file control office in which the A-file is located, and the date of the latest transfer of the file. The master index remote access capability (MIRAC) provides the field offices with access to the master index via remote terminals, which expedites interrogations, adjudications, and investigations and reduces the manual work of the records sections both in the field offices and the central office.

The master index has been a valuable tool for determining the location of A-files and for verifying that a record exists for a particular alien. The system has limitations, however, in its basic design as well as in its operational features. Because it was designed primarily as an index to the location of A-files, the master index is not suitable for generating statistics for policy needs. The system also was not designed to interact with other information systems, such as the nonimmigrant information system. Problems with MIRAC cited during panel visits to district offices include slow response time, inadequate numbers of terminals, and excessive restrictions on district office personnel in updating records. The extent of omission of alien files from the master index is unknown, but one official estimated that up to 30 percent of the files that should be in the system are either missing or have been entered incorrectly. No systematic study has ever been carried out to determine the completeness or accuracy of the master index system. Because of these limitations, the master index is scheduled to be replaced in mid-1985 by the central index (described below), which is the core of the new data base management system in INS's long-range ADP plan.

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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

JOSE ANTONIO PEREZ-FUNEZ, et al., Plaintiffs, v. IMMIGRATION AND NATURALIZATION SERVICE, et al., Defendants.	NO. CV 81-1457-ER DATE: March 25, 1985 TIME: 2:30 p.m.

DECLARATION OF HARLIN M. KEISTER, JR. IN SUPPORT OF DEFENDANTS' MOTION TO RECONSIDER ORDER TO RESPOND TO PLAINTIFFS' REQUEST FOR RESPONSE TO INTERROGATORY NUMBER SEVEN

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

JOSE ANTONIO PEREZ-FUNEZ, ET AL.,
Plaintiffs,

v.

IMMIGRATION AND NATURALIZATION SERVICE, ET AL.
Defendants.

C.A. NOS. 81-1457 ER and 81-1932 ER

DECLARATION OF HARLIN M. KEISTER, JR.

I, HARLIN M. KEISTER, declare and say:

1. My name is Harlin M. Keister, Jr. and I am Chief of the Index System Section, within the Office of Information Systems, Immigration and Naturalization Service (INS), Central Office, 425 I Street, N.W., Washington, D.C. 20536. I have been an employee of INS for 6 years.

2. In my capacity as Chief of the Index Systems Section I am thoroughly knowledgeable about the MIRAC computer system.

3. MIRAC is programmed to retrieve individual files after an A number, or name and date of birth has been entered onto the

system. The current program will not permit the user to enter the dates 1967 and up and then receive instructions to search for apprehensions within a set time frame.

4. In order for MIRAC to accomplish a search of this type the program would have to be modified. It would cost approximately $4,500 to modify the program in-house, to monitor the program's execution, and computer resource expenses. It would cost approximately $9,000 if the Government were to hire a contractor for this purpose. Additionally, it is estimated that it would take approximately 1 month to modify the program in-house and produce the requested statistics. It would take much longer than a month for a contractor to produce the statistics.

5. Even if the Government were to modify the program to retrieve this type of information, the data generated by such would be erroneous and misleading. William J. Polli, Chief, Records Operations Section, Records Management Branch, INS, has informed me that there are currently 6.2 million records that have not been entered into the system. This backlog has been increasing steadily since 1979. Even with his personnel attempting to key in the current information, along with a small amount of the backlog, they are unable to keep pace with the current records which are received at a rate of approximately 1.4 million per year. Therefore, even if the program were modified, there is no time frame which contains complete records and any search would yield inaccurate statistics.

I declare and swear under the penalty of perjury that the foregoing is true and correct.

Harlin M. Keister Jr.
HARLIN M. KEISTER, JR.
Chief, Index System Section

DATED: March 18, 1985

CERTIFICATE OF SERVICE BY MAIL

I, LYDIA D. EDINBOROUGH, declare:

That I am a citizen of the United States and resident or employed in Los Angeles County, California; that my business address is Office of United States Attorney, United States Courthouse, 312 North Spring Street, Los Angeles, California 90012; that I am over the age of eighteen years, and am not a party to the above-entitled action;

That I am employed by the United States Attorney for the Central District of California who is a member of the Bar of the United States District Court for the Central District of California, at whose direction the service by mail described in this Certificate was made; that on March 25, 1985, I deposited in the United States mails in the United States Courthouse at 312 North Spring St., Los Angeles, California, in the above-entitled action, in an envelope bearing the requisite postage, a copy of DECLARATION OF HARLIN M. KEISTER, JR. IN SUPPORT OF DEFENDANTS' MOTION TO RECONSIDER ORDER TO RESPOND TO PLAINTIFFS' REQUEST FOR RESPONSE TO INTERROGATORY NUMBER SEVEN

addressed to SEE ATTACHED SHEET

at their last known address, at which place there is a delivery service by United States mail.

This Certificate is executed on March 25, 1985 at Los Angeles, California.

I certify under penalty of perjury that the foregoing is true and correct

LYDIA D. EDINBOROUGH

USA-12c-240
(Rev. 1/3/77)

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- While the INS has said that "all aliens in contact with INS are issued A numbers,"[7] Florida Department of Labor officials were told this year by the INS that only Permanent Resident Aliens (PRAs) were covered in the local automated file system. Conditional entrants, asylees, parolees, and other types of eligible aliens were reportedly not included.[8]

- A significant number of aliens with Permanent Resident Under Color of Law (PRUCOL) status are eligible for certain entitlement programs.[9] These aliens are not "verifiable" through the SAVE Program.

As a result of these system limitations, millions of aliens in the country who are entitled to those public assistance programs targeted by the INS are not now "verifiable" through SAVE.

SAVE contains another basic flaw. Since applicants who indicate citizen status are not subject to verification,[10] the program would allow those intent on fraudulently receiving benefits to do so easily.

C. Damaging Effects of SAVE Program Flaws

Data problems inherent in the SAVE Program as it now operates may jeopardize individuals and state and local agencies in distinct, serious ways.

Individuals: In a number of documented cases, SAVE prototypes have deterred eligible aliens from collecting benefits. As explained earlier, aliens whose "A" numbers do not appear in INS computer checks are referred to an INS District Office for status verification. Most aliens referred to the INS do not go to the INS, and are denied benefits.[11] The INS has continually asserted that all aliens denied benefits in this way are undocumented and therefore ineligible.[12]

However, aliens whose numbers do not appear during computer checks, but who are legally entitled to benefits, are apparently reluctant to report to the INS District Office for status verification. In this way, SAVE acts as a substantial deterrent to aliens' lawful use of public assistance. While it is not clear exactly why referred eligible aliens do not appear at INS,[13] it is certain that deterrence has occurred, resulting in wrongful denial of benefits. For example:

- An early General Accounting Office audit of Los Angeles' SAVE-prototype system found that "out of total of 136 aliens who were denied...benefits after a search by INS of local records in California, 50 were later determined...to be legal, five illegal, and 81 with no record...."[14]

- A review of SAVE operations in Chicago revealed that, out of 600 cases where referred aliens did not appear at the INS District Office, 62 were in fact legally eligible for benefits.[15]

These and other cases of wrongful denial raise substantial due process questions related to SAVE Program inadequacies.[16] There are other, indirect risks to individuals. To the extent that deterrence reduces participation in health care and immunization programs, for instance, SAVE poses potential public health risks.

Mr. SMITH. I have just one question.

The statements you read and what you say seemed to indicate that they need to refine and perfect SAVE. How do you do that, if you don't have funding?

Mr. KAMASKI. Mr. Chairman, there are already a number of prototype systems operating in several States—California, Illinois, Colorado. There are also prototype programs going on in several localities of Florida and Texas and other areas. And that is being done with current funding without a specific additional appropriation for SAVE. It is already having significant, we believe, major negative effects.

Mr. SMITH. I see.

Thank you.

TUESDAY, APRIL 8, 1986.

U.S. INTERNATIONAL TELECOMMUNICATIONS POLICY

WITNESS

DAVID C. LEACH, MANAGING DIRECTOR, ORION TELECOMMUNICATIONS, LTD.

Mr. SMITH. David Leach.

Mr. LEACH. Mr. Chairman, I am David Leach, Managing Director of Orion Telecommunications, Ltd. Prior to my affiliation with Orion, I served for five years as Senior Policy Analyst to the Subcommittee on Telecommunications, Consumer Protection and Finance of the U.S. House of Representatives.

I appear before you this afternoon to urge that this subcommittee reorder the spending priorities of several different agencies and offices that are concerned with international telecommunications policymaking. By reallocating existing resources among the various agencies, this subcommittee can significantly improve the effectiveness of the United States in negotiations on international telecommunications.

I recognize that this subcommittee has repeatedly worked with the various authorizing committees, and has respected their jurisdictional prerogatives. My comments today are directed toward the allocation of appropriations in a manner fully consistent with this tradition, which does not tread on the jurisdiction of other committees. Responsibility for international telecommunications is fragmented among several agencies in the executive branch and the FCC. This subcommittee is the only institution in the U.S. Government that oversees the activities of each of the major players. Let me explain.

In 1978, President Carter signed Executive Order 12046 abolishing the Office of Telecommunications Policy in the White House. Many of OTP's responsibilities were transferred to the National Telecommunications and Information Administration within the Department of Commerce. Among the functions assigned to NTIA was the development of U.S. telecommunications policy for the executive branch.

However, the State Department also has a significant role to play in international telecommunications policy, pursuant to the President's constitutional responsibility to carry out the foreign policy of the United States. Regrettably, the initial delegation of authority in 1978 did not clearly delineate the roles of State and Commerce, a situation that has led to duplication of effort and interdepartmental rivalry.

In addition, Congress has charged the Federal Communications Commission with enforcing the provisions of the Communications Act of 1934, including the regulation of international telecommunications.

Both NTIA and the FCC are under the jurisdiction of the Commerce Committee; the State Department is overseen by the Committee on Foreign Affairs. This subcommittee is the only institution in the government with the ability to direct and coordinate the activities of all three of these important agencies, each of which should play a role in the development, presentation and implementation of international telecommunications policy.

Mr. Chairman, the issues involved in international telecommunications are of enormous importance to the United States. Telecommunications affect our national security in times of peace, and could determine our very survival in the event of a major war. International telecommunications help to determine the competitiveness of U.S. industries in the world market, and facilitate international trade. In the next century, international telecommunications will serve as the key transportation system, in a role comparable to that of highways and railroads in the 20th century.

Thus, the effective representation of American policy today will have a fundamental and long-lasting impact on the ability of U.S. companies to compete well into the future.

There are several organizations in which effective U.S. representation is crucial, and which deserve high-level attention by U.S. policymakers.

The first is the International Telecommunications Union (ITU), headquartered in Geneva, Switzerland. The ITU is one of the specialized agencies of the United Nations, although it predates the founding of the U.N. by more than 75 years.

The Union is the organization that determines the technical standards for future telecommunications services that will be adhered to by all member nations. The ITU's activities are international in scope, but determine domestic standards and services as well. Allocations of the radio spectrum are decided upon by the ITU, establishing the broad agreements necessary for member countries to regulate their own use of the spectrum without interference.

The complicated standards of the ISDN—the Integrated Services Digital Network—are also being negotiated within the ITU. These standards will determine the capabilities of telecommunications networks into the next century, and will dictate what can be connected via networks, and the manner in which those connections are made.

U.S. computer manufacturers will have to design their equipment to meet these standards, so that data transmissions can be accommodated by the telecommunications systems.

The United States has not always recognized the importance of the ITU, particularly in recent years. This lack of recognition is reflected in several ways:

—U.S. insistence on a no-growth budget for the ITU, despite the constant escalation of requests by the U.S. for ITU consideration.

—Repeated threats to "pull-out" of the ITU.

—In certain instances, a lack of preparation for ITU conferences.

—Inadequate representational efforts, such as making sure that proxies are submitted on behalf of absent administrations.

I would urge that this subcommittee recognize the significant benefits that the United States derives from the ITU, and

—Allocate more resources for preparation and representation at ITU meetings; and

—Provide the political support necessary for the U.S. to continue to play an instrumental role as a member of the ITU.

In addition to the ITU, there are two other international organizations that deserve greater attention from the U.S. Government. Unlike the ITU, both INMARSAT and INTELSAT are operating entities, providing services between the United States and points outside the U.S.

As this subcommittee knows well, the provision of international telecommunications service is changing rapidly—and will continue to do so. These changes will require more complete analysis by U.S. policymakers, to ensure that U.S. interests are well served in the future.

Moreover, the changes that will occur in the next decade could make possible the frustration of U.S. policy. The U.S. will have to scrutinize the activities of each of these operating entities to make sure that they are not operating against the interests of the United States, in a manner that frustrates the implementation of U.S. policy.

Mr. Chairman, I am not here to request new funding to improve the effectiveness of U.S. representation in the ITU, INMARSAT or INTELSAT. The problems we are facing are not the result of inadequate funding for international telecommunications. Rather, they are derived from a problem of defining the proper role for NTIA, the State Department and the FCC, and then allocating resources among those agencies in a manner that maximizes the effectiveness of U.S. representation. It is an allocation problem, not a resource problem.

In determining the role that each agency should play, it makes sense to recognize the particular strengths that each has. For example, the State Department possesses the foreign policy expertise and apparatus necessary to make sure that we are effectively represented. State understands the politics of international organizations, and has the long-term personal relationships with other governments that facilitate international understanding.

NTIA and the Commerce Department have superb technical capabilities which should be utilized in developing U.S. policy. Moreover, Commerce has the specialized knowledge of the needs of the U.S. Government, due to its role as the chairman of the IRAC. Finally, Commerce has significant trade expertise, which should play a large role in the development of U.S. international telecommunications policy.

The FCC has the responsibility for the day-to-day oversight of telecommunications service providers. It should receive sufficient support to expand its excellent efforts on behalf of the U.S., while recognizing its unique role as an independent agency without foreign policy expertise or responsibilities.

Funding for a more focused and coordinated effort can come from two sources:

—By ending duplicative efforts among the various agencies involved, forcing each to concentrate on its own, clearly defined mission, and

—By reducing U.S. participation in the activities of some international organizations which do not have a direct an impact on the provision of service as do the ITU, INMARSAT and INTELSAT. These organizations, such as the OECD and the UNDP, are organizations that deal with a variety of different issues; telecommunications is but one of many issues with which they are concerned. Given the congressional commitment to reduce federal spending, it is imperative that the U.S. Government focus its available resources on those organizations which will have an immediate and direct effect on the provision of service by U.S. companies.

The coming years will pose significant challenges to U.S. policymakers. There will be questions raised in each of these three important organizations that will determine the type, price and level of telecommunications services available to the American public:

—As I mentioned earlier, the ITU will be setting standards for the ISDN, defining the future capabilities of telecommunications networks for U.S. users.

—INMARSAT may seek to provide satellite-based mobile telephone and data services within the United States, in competition with domestic companies who lack a monopoly service base.

—INTELSAT will be engaged in the coordination of the U.S. based alternative satellite systems for technical and economic compatibility.

Each of these examples will require a focused, coordinated effort on the part of the U.S. Government. Each will require that the various agencies involved allocate their scarce resources in a manner which will maximize the effectiveness of the United States.

The current budget cycle is an opportune time to act. The State Department has elevated international telecommunications and information policy to Bureau status, giving these issues the attention they deserve. It is now time to impose spending priorities that will improve the representational efforts of this new bureau, and of the U.S. Government. I urge this subcommittee to allocate the appropriation for each of these agencies for a clearly defined mission, and thereby improve the effectiveness of U.S. representation in these international organizations.

Moreover, I urge the subcommittee to recognize the importance of the ITU, INMARSAT and INTELSAT, and elevate U.S. representation in each to a higher priority.

The reordering of priorities that I have described will improve the ability of the United States to implement U.S. telecommunications policy, and will provide long-term benefits to U.S. users of telecommunications services.

I will be happy to answer any questions you may have.

Mr. SMITH. Well, of course, we had major problems in INTELSAT last year. What you are saying is that the Administration hasn't been able to work out the appropriate relationships.

Mr. LEACH. Mr. Chairman, as the national interest of the United States continues to diverge from the commercial interest of Comsat, the U.S. representative to INTELSAT, U.S. Government oversight of Comsat needs to be more complete. The instructional process—by which Comsat is instructed of the U.S. Government position on issues raised in INTELSAT—involves all three agencies. The efforts of each should be coordinated, and that coordination should occur far enough ahead of time so that the U.S. position can then be coordinated with our allies.

Peru has just requested that the United States join in seeking coordination under Article XIV(d) of the INTELSAT Agreement. Other requests for coordination will follow, as the U.S. based separate satellite systems sign operating agreements with their partners. This is a critical time.

If the U.S. policy is to succeed, the representational efforts of the United States must be effective. Each agency—the FCC, NTIA and the State Department—must work together.

The same need for coordination exists with respect to U.S. efforts in the ITU and INMARSAT as well. Contributions to international organizations; funding of special projects; travel budgets—each of these should be addressed by this subcommittee, to avoid duplication, overlap and ultimately, ineffective representation on these important issues.

Mr. SMITH. Thank you.

Mr. LEACH. Thank you very much.

TUESDAY, APRIL 8, 1986.

UNIFIL

WITNESS

TANYA RAHALL, DEPUTY DIRECTOR, GOVERNMENT AFFAIRS DEPARTMENT, NATIONAL ASSOCIATION OF ARAB AMERICANS

Mr. SMITH. Tanya Rahall.

Ms. RAHALL. Thank you, Mr. Chairman. For the record, my name is Tanya Rahall. I am with the National Association of Arab Americans. The National Association of Arab Americans (NAAA) is pleased to present testimony on funding for UNIFIL, the United Nations Interim Forces in Lebanon. As the principal lobbying organization representing the three million Americans of Arab descent—as well as a large and growing number of other Americans who share our viewpoint—NAAA wants not only to promote good relations between the United States and the Arab countries of the Middle East, but also to see that U.S. tax dollars are spent in the most effective way for the protection and promotion of U.S. national interests in that region.

The U.S. fiscal year 1986 UNIFIL appropriation was cut by Congress from the administration's request of $39.9 million to $18 million. The cut came in November 1985 in the House-Senate conference on the fiscal year 1986 continuing resolution. As a result of the cut, U.S. UNIFIL funds will be fully disbursed by mid-April 1986, leaving no U.S. financial support for the remainder of fiscal year 1986.

The lack of U.S. funding jeopardizes the renewal of the U.N. UNIFIL mandate. UNIFIL operates on six-month mandates. The current mandate is October 18, 1985, to April 18, 1986. The mandate is renewable by a vote of the U.N. Security Council on April 19, 1986.

NAAA believes that continued funding for UNIFIL is vitally important for U.S. interests in Lebanon and the region. We urge Congress to consider certain legislative options which would renew funding for UNIFIL. Congress can approve a fiscal year 1986 supplemental request for UNIFIL which would continue to fund UNIFIL from April 1986 to April 1987, or Congress can approve transfer of funds within State Department accounts.

Congress can include funding for UNIFIL in the fiscal year 1987 appropriation legislation. The administration has requested $42 million for fiscal year 1987 UNIFIL funding.

Let me give a brief description of UNIFIL:

UNIFIL was established in 1987. It is a multilateral peacekeeping force which continues to make a valuable contribution to regional stability. The continued Israeli military presence in Lebanon has seriously impeded the implementation of U.N. Security Council Resolutions 425 and 426. Resolution 425 calls for total withdrawal of Israeli forces from all Lebanese territory, establishes UNIFIL's mandate in southern Lebanon for the purpose of confirming Israel's withdrawal and restoring international peace and security. It further calls for assistance for the government of Lebanon in assuring the return of its authority in Lebanon. Resolution 426 approves the implementation of Resolution 425.

Despite the difficult circumstances under which it operates, UNIFIL helps to prevent a rise in violence and extremism across the Lebanese-Israeli borders and remains vital to the security of both Lebanon and Israel. During Israeli Prime Minister Shimon Peres' recent visit to Washington, he stated, "I do not believe that for the time being there is a replacement for UNIFIL forces inside Lebanon."

We believe that UNIFIL, whose existence is opposed by the USSR and supported by the U.S. Government, it is a proven element in southern Lebanon for humanitarian and security purposes. UNIFIL deploys about 5,800 troops from France, Ireland, Finland, Ghana, Sweden, Nepal, Fiji, Norway, and Italy. There are no U.S., British, or Russian contingencies in UNIFIL. (The U.N. has a policy of utilizing troops from "neutral" countries in peacekeeping forces.)

It is vital that UNIFIL funding be continued, as clearly stated by both the administration and the U.N. Secretary of State Shultz testified before the Senate Commerce-Justice-State Subcommittee on March 19, 1986. He said that the administration believes that UNIFIL is making a contribution to stability in southern Lebanon and would hate to see it withdrawn. Deputy Assistant Secretary for Near Eastern and Southern Asian Affairs, Roscoe S. Suddarth, summed up the administration's position by saying, "We believe that UNIFIL should be preserved. In the short term, UNIFIL has helped contain the degree of violence to which innocent Lebanese civilians are exposed in the south [of] Lebanon. We believe that removing UNIFIL would risk a further destabilization of the security situation in South Lebanon."

In the words of the U.N. Secretary General, "Were UNIFIL to be withdrawn, I have no doubt whatsoever that a disastrous increase in violence in Southern Lebanon would ensue." (A/17684—December 16, 1985.)

I would like to mention several points which are relevant at this time. UNIFIL provides security for the Lebanese residents. Should UNIFIL be disbanded a power vacuum would be created. UNIFIL is also important for humanitarian purposes. The people of southern Lebanon view UNIFIL as a political symbol and graciously welcome the support of greater democracies, particularly the United States. The UNIFIL area of operations is the only part of southern Lebanon that has registered a net increase in population as refugees return home. Considering the importance of stability in Lebanon and the need to enhance U.S. influence in the region, continuing support for UNIFIL helps to strengthen our interests at a minimal cost. In view of the above, U.S. support for UNIFIL is a valuable contribution toward regional stability. UNIFIL provides an element of stability in South Lebanon. If UNIFIL is disbanded, serious security and humanitarian problems would occur.

The U.N. General Assembly assesses all U.N. member nations for funding for ongoing U.N. programs including UNIFIL. The U.S. has always met its commitments until now, although the USSR has not. UNIFIL, therefore, is in arrears, and other contributing countries are concerned that they will be unable to compensate for the Soviet Union's share. This problem will be compounded by the United States' inability to meet its previous commitments to UNIFIL.

Without the contributions of the U.S., a damaging precedent may be set and with other contributing countries unable to make up the difference, the U.N. may be forced to disband UNIFIL. This would open up a large area of southern Lebanon to competing militias with potentially dangerous and politically damaging consequences.

The NAAA remains confident that Members of the subcommittee will agree that the UNIFIL peacekeeping force is a valuable contribution to regional peace and stability. The friendly and struggling nation of Lebanon relies heavily on the visible indication of U.S. support. Your efforts to reinstate funds for UNIFIL could mean saving the lives of many victims, alleviating the further displacement of Lebanese, and preserving Lebanese sovereignty in the country's southern region.

With the subcommittee's permission, I would like to have NAAA's Issue Brief on UNIFIL inserted into the record. This factsheet further explains UNIFIL's legislative history during the fiscal year 1986 continuing resolution. In addition, I ask that a bipartisan letter signed by Foreign Affairs Chairman Fascell and ranking minority Member Broomfield and Europe and the Middle East Chairman Hamilton and ranking minority Member Gilman to Secretary Shultz in support of UNIFIL be inserted into the record.

Thank you.

[The information follows:]

ISSUE BRIEF: UNIFIL

THE PROBLEM: CUT IN UNIFIL FUNDING

The U.S. FY 86 UNIFIL appropriation was cut from the Administration's requested $39.9 million to $18 million. The cut came in November 1985 in the House-Senate conference on the FY 86 continuing resolution. As a result of the cut, U.S. UNIFIL funds will be fully disbursed by mid-April 1986 leaving no U.S. financial support for the remainder of FY 86.

The lack of U.S. funding jeopardizes the renewal of the U.N. UNIFIL mandate. UNIFIL operates on six-month mandates (current mandate is October 18, 1985 to April 18, 1986).. The mandateis renewable by a vote of the U.N. Security Council on April 19,1986.

LEGISLATIVE OPTIONS REQUIRED TO SUSTAIN FUNDING

-- Congress can approve a FY 86 supplemental request for UNIFIL which would continue to fund UNIFIL from April 1986 to April 1987.

-- Congress can approve a transfer of funds within State Department accounts.

DESCRIPTION OF UNIFIL

UNIFIL (United Nations Interim Force in Lebanon), established in 1978, is a multilateral peacekeeping force which makes a valuable contribution to regional stability. UNIFIL helps to prevent a rise in violence and extremism across the Lebanese-Israeli borders.

-- UNIFIL, whose existence is opposed by the USSR and supported by the U.S. government, is a proven element in Southern Lebanon for humanitarian and security purposes.

-- UNIFIL deploys about 5,800 troops from France, Ireland, Finland, Ghana, Sweden, Nepal, Figi, Norway, and Italy. There are no U.S., British, or Russian contingencies in Lebanon. (The U.N. has a policy of utilizing troops from "neutral" countries in peacekeeping forces.)

WHY UNIFIL FUNDING SHOULD BE SUSTAINED

1. ADMINISTRATION VIEWPOINT

Deputy Assistant Secretary for Near Eastern and South Asian Affairs, Roscoe S. Suddarth, summed up the Administration's position by saying, "We believe that UNIFIL should be preserved. In the short-term, UNIFIL has helped contain the degree of violence to which innocent Lebanese civilians are exposed in the south Lebanon. We believe that removing UNIFIL would risk a further destabilization of the security situation in south Lebanon."

2. U.N. VIEWPOINT

In the words of the U.N. Secretary-General: "Were UNIFIL to be withdrawn, I have no doubt whatsoever that a disastrous increase in violence in Southern Lebanon would ensue." (A/17684-Dec. 16, 1985)

3. OTHER POINTS

-- UNIFIL provides security for the Lebanese residents. Should UNIFIL be disbanded a power vacuum would be created.

-- UNIFIL is important for humanitarian purposes also. The people of Southern Lebanon view UNIFIL as a political symbol and graciously welcome the support of great democracies, particularly the U.S.

-- The UNIFIL area of operations is the only part of Southern Lebanon that has registered a net increase in population as refugees return home.

-- Considering the importance of stability in Lebanon and the need to enhance U.S. influence in the region, continuing support for UNIFIL helps to strengthen our interests at a minimal cost.

-- In view of the above, U.S. support for UNIFIL is a valuable contribution toward regional stability. UNIFIL provides an element of stability in South Lebanon. If UNIFIL is disbanded, serious security and humantiarian problems would occur.

FINANCIAL BACKGROUND

1. UNIFIL's current budget on an annual basis is $129.16 million. The U.S. operating share is 30.9 percent or $39.9 million.

2. The State Department will urge the U.N. to approve a new six-month UNIFIL mandate even without the U.S. funding component. The Administration has requested $42 million for FY 87 UNIFIL funding.

3. In November 1985, the House and Senate conferenced on the FY 86 continuing resolution. The House conceded to the Senate's recommendation to reduce the total FY 86 funding to $18 million, $21.9 million under the original $39.9 million Administration request for FY 86.

The House CR had cut $3.9 million from the $39.9 million Administration's FY 86 request, leaving $36 million for UNIFIL.

The Senate CR added an amendment cutting the House 50% leaving only $18 million for UNIFIL.

In conference on the FY 86 continuing resolution, the House conceded to the Senate leaving only $18 million for FY 86 UNIFIL funding.

4. The U.N. General Assembly assesses all U.N. member nations. The U.S. has always met its commitments until now, although the USSR has not. UNIFIL, therefore, is in arrears, and other contributing countries are concerned that they will be unable to compensate for the Soviet Union's share. This problem will be compounded by the United States' inability to meet its previous commitments to UNIFIL.

5. Without the contributions of the U.S., a precedent may be set and other contributing countries, unable to make up the difference, will be forced to disband UNIFIL. This would open up a large area of Southern Lebanon to competing militias with potentially dangerous and politically damaging consequences.

THE SECRETARY OF STATE
WASHINGTON

April 4, 1986

Dear Mr. Chairman:

I am pleased to reply to your letter of March 13 regarding U.S. support for the United Nations Interim Force in Lebanon (UNIFIL).

I share your assessment of UNIFIL's constructive role in southern Lebanon. As I said in my appearance before the Senate Appropriations Subcommittee for Commerce, Justice, State and the Judiciary on March 19, I believe UNIFIL makes a contribution to stability in southern Lebanon, and that its withdrawal at this time would be imprudent.

Our concern about maintaining UNIFIL is intimately connected with our commitment to the security of Israel. In this regard, I believe you will be interested in Prime Minister Peres' remarks to the press here in Washington on April 1: "... we may have some thought about the proper deployment of the UNIFIL forces, but in the chaotic situation which exists today in Lebanon, I do believe that for the time being, there is no replacement for the UNIFIL forces inside Lebanon, not necessarily on the frontiers of Israel."

As you know, the Congress last year cut $21.6 million from our contribution to UNIFIL for fiscal year 1986, thereby casting doubt on our ability to continue financial support for the force beyond the current mandate, which expires April 19. The government of Lebanon, the United Nations, and the governments of countries contributing troops to UNIFIL have expressed their urgent concern about this funding shortfall. We have assured them of our continued support for UNIFIL and pointed out that the President has requested full funding ($42 million) for UNIFIL in his budget for fiscal year 1987.

I appreciate your own and the Committee's concern on this issue.

Sincerely yours,

George

George P. Shultz

The Honorable
Dante B. Fascell,
Chairman,
Committee on Foreign Affairs,
House of Representatives.

DANTE B. FASCELL, Florida, Chairman

LEE H. HAMILTON, Indiana
GUS YATRON, Pennsylvania
STEPHEN J. SOLARZ, New York
DON BONKER, Washington
GERRY E. STUDDS, Massachusetts
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MICHAEL D. BARNES, Maryland
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DAN BURTON, Indiana
JOHN McCAIN, Arizona

JOHN J. BRADY, Jr.
Chief of Staff

Congress of the United States
Committee on Foreign Affairs
House of Representatives
Washington, DC 20515

March 13, 1986

The Honorable George P. Shultz
Secretary
Department of State
Washington, D.C. 20520

Dear Mr. Secretary:

We write to express our strong support for the continuation of United States political and financial support of the UNIFIL peacekeeping operation in Lebanon. We hope that ways can be found within existing authorizations and appropriations to maintain U.S. contributions during the second half of Fiscal Year 1986.

We believe that although UNIFIL cannot stop all organized armies and bands of guerrillas, it has performed an important role in patrolling its mandated area and in preventing the transit of a great deal of arms and men across Southern Lebanon. We especially believe that at this time when some groups and foreign nations seek to radicalize and divide the Shi'ite community in southern Lebanon and have that community try to engage the Israelis in conflict it is unwise to reduce or terminate UNIFIL. It is certainly not in our national interest or, for that matter, Lebanon's or Israel's to do so.

We appreciate your consideration of this matter and hope a method can be found to continue U.S. support for this 5,800 person peacekeeping force beyond April, 1986.

With best regards,

Sincerely yours,

Dante B. Fascell
Dante B. Fascell
Chairman

Lee H. Hamilton
Chairman
Subcommittee on Europe
and the Middle East

Bill Broomfield
William S. Broomfield
Ranking Minority Member

Ben Gilman
Benjamin A. Gilman
Ranking Minority Member
Subcommittee on Europe
and the Middle East

Mr. **Smith.** Thank you very much. As you know, the opposition to funding of UNIFIL this year came from the Senate side. You said that UNIFIL provides security for people in Lebanon, but what they told us was that it was not providing security for anybody, that they were operating behind Israeli lines and they really didn't do anything. And you are contradicting that?

Ms. **Rahall.** I disagree with that. I have talked to the Embassy of Lebanon and they feel certain that it has reduced the incidence of violence in that region.

I was told this morning by the embassy that the conditions that are recreating themselves in southern Lebanon are as they were prior to 1978 when UNIFIL was established. They are deeply concerned about the situation and they believe, as does the National Association of Arab Americans, that UNIFIL does serve a purpose.

Mr. **Smith.** Isn't UNIFIL continuing to operate even though we didn't fund them?

Ms. **Rahall.** They have received their money for the October 1985 to April 1986 mandate. They are continuing to operate. The U.N. meets on April 19. That money has expired after April 19.

Mr. **Smith.** So they will have to have money for starting April 19?

Ms. **Rahall.** Correct. They are without a supplemental and if State cannot come up with a transfer of funds there is a possibility of the State Department cooperating with the U.N., coming up with money somewhere for the remainder of 1986, if there is a firm commitment that the administration will receive the $42 million request for 1987.

Mr. **Smith.** Well, I understand that there is consideration of reprogramming in the mill. Of course, that requires the Senate Committee to agree to it too, as well as the House committee. Have you testified on the Senate side or spoken to them over there?

Ms. **Rahall.** We have not testified there.

Mr. **Smith.** Thank you very much.

Ms. **Rahall.** Thank you, Mr. Chairman.

THURSDAY, APRIL 8, 1986.

NATIONAL ENDOWMENT FOR DEMOCRACY

WITNESS

HON. JOHN CONYERS, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. **Smith.** Next, we have a panel of three of our colleagues, Mr. Brown, Mr. Shaw, and Mr. Conyers. Why don't you all sit here and speak individually or separately. I assume you are all for the National Endowment.

Mr. **Conyers.** You assume we are all for——

Mr. **Smith.** National Endowment.

Mr. **Conyers.** Well, that does appear in my testimony, Mr. Chairman, amazingly enough. I want to thank you for allowing us to be here today. I come to recommend zero funding for the $18 million National Endowment for Democracy program because it has repeatedly demonstrated itself incapable of staying out of trouble. It has not served our national interests, but rather embarrassed them. It has not promoted democracy, but in my opinion, subverted it by meddling in foreign elections and political parties.

It is indeed ironic that when an organization giving funds to promote democracy ends up interfering in free elections of other countries, that a group such as NED which claims to be dedicated to the rule of law disregards the very statutes that created it, and that a taxpayer supported organization which should avoid any conflict of interest gives most of its funds to groups represented on its board.

Before elaborating on the basis of my opposition, I want to first express my sense of outrage and betrayal regarding the latest NED scandal, in which taxpayer money was grossly misused, and Congress duped and embarrassed. A NED recipient, PRODEMCA, it was reported by the Washington Post hours before the last House "contra" vote, has been taking out paid advertisements in American newspapers, advising me and 534 of my colleagues to vote for "contra" military funding.

Imagine that. Taxpayer money to publicly advocate in American newspapers the contra war, a war opposed by the majority of the American public. What a lesson in democracy.

The National Endowment for Democracy should really be known as the Taxpayer Funding for Foreign Elections Act. From its very inception, the National Endowment for Democracy has been riddled with scandal and impropriety. It interfered in Panama's presidential election, a very close election, supporting there a military-backed candidate, provoking protest from the American Ambassador. We had to learn this from the newspapers. Another lesson in democracy.

NED also "promoted democracy" in France by funding two right-wing organizations, Force Ouvriere and the National Inter-University Union, UNI. One of these had prior affiliation with right-wing terrorist organizations, outlawed by the French Government. The president of that country, considered an important ally, was not only not consulted, but not informed, although the NED recipients were opposing him. No one doubts that France is a democracy; 80 percent of the population votes for a wide spectrum of parties.

NED also operates in Portugal, another democracy. Taxpayer money continues to fund through NED conservative political parties in Colombia and Bolivia. It supports networks of ideologically affiliated organizations throughout the globe like the arch conservative IDU organization in Britain.

It acts as a pseudo foreign policy arm of the United States Government but has no clear congressional mandate to do so. In fact, it often violates what I and some of my colleagues consider to be the congressional law that governs it, and violates it with impunity.

Promising "democratic non-partisanship," it has been dishonest with Congress regarding these activities. Indeed, I find it ironic that amid all this, U.S. law restricts foreign governments from interfering in our parties and elections. The target countries are understandably confused as to whether such intervention constitutes official U.S. policy. I, too, am often confused over the official sanction of these programs. I am sure Francois Mitterand was confused.

Panama, France, the contras represent not the exceptions but the rule. They are harbingers of the kind of mischief we are going to get into time and time again where U.S. interests will not be served, but in fact embarrassed through the overzealous use of public funds with a psuedo official sanction by small group, which regards as its right the act of intervening in a partisan manner in the electoral process of other countries, all of which receives little if any oversight in this country.

I want to thank you, Mr. Chairman, for this opportunity. I have been promised by the committee, the subcommittee with authorizing jurisdiction, that they would be holding oversight hearings. I have been promised on the record on the Floor. I have been promised privately. I have been promised publicly. And this is the first one, the first time I have ever had a chance to address a congressional committee on this subject.

I want to thank you because you may not agree entirely with everything that I have said here today. So I thank you very much.

[The statement of Mr. Conyers follows:]

TESTIMONY OF HONORABLE JOHN CONYERS, JR.

Mr. Chairman, distinguished members of the subcommittee, I would like to thank you for having me appear today. I come to recommend zero funding for the $18 million National Endowment for Democracy program because it has repeatedly demonstrated itself incapable of staying out of trouble. It has not served our national interests, but rather embarrassed them. It has not promoted democracy, but, in my opinion, subverted it by meddling in foreign elections and political parties.

It is indeed ironic that when an organization giving funds to promote democracy ends up interfering in free elections of other countries, that a group such as NED which claims to be dedicated to the rule of law disregards the very statutes that created it, and that a taxpayer supported organization which should avoid any conflict of interest gives most of its funds to groups represented on its board.

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Promising "democratic non-partisianship", it has been dishonest with Congress regarding these activities. Indeed I find it ironic that amid all this, U.S. law restricts foreign governments from interfering in our parties and elections. The target countries are understandably confused as to whether such intervention constitutes official U.S. policy. I too am often confused over the official sanction of these programs. I'm sure Francois Mitterand was confused.

Panama, France, the "contras" represent not the exceptions but the rule. They are harbingers of that kind of mischief we are going to get into time and time again where U.S. interests will not be served but in fact embarrassed through the overzealous use of public funds with a psuedo official sanction by small group which regards as its right the act of intervening in a partisian manner in the electoral process of other countries, all of which receives little if any oversight in this country.

At a time when we are cutting billions of dollars from programs to feed our young and poor, to house our elderly and to educate our students, we are proposing to spend over $18 million for the dubious and untrustworthy NED.

This is not about left, right or center. It is about whether we should be butting into elections in other countries. NED supporters invariably maintain that its activities are non-partisian and that any problems that have occurred can be corrected. Each time a scandal is disclosed, this is the standard line. It is now without credibility.

There are a dozen private and public groups attempting to "promote democracy" thoughout the world. Last year, private citizens contributed over $1.5 billion to such groups.

Legally, NED is a private entity. Perhaps it would be better off if it sought private funding. It was a bad idea from the start. Every time the House has voted on NED funding, it has voted in opposition to it. I hope today that the committee will reflect this position.

TUESDAY, APRIL 8, 1986.

NATIONAL ENDOWMENT FOR DEMOCRACY

WITNESS

HON. HANK BROWN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

Mr. **BROWN**. Mr. Chairman, we have a statement that has been prepared and distributed, and with your permission I would like to ask that it be entered in the record and perhaps summarize it if I might.

I would like to say two things for the National Endowment for Democracy. Over the years that the gentleman from Iowa and I have chatted about this from time to time, it has given me a chance to get acquainted with him and the committee, maybe far better than I would have without him.

Now, the other side of National Endowment for Democracy. I want to make several points to the gentleman from Iowa and to the committee that I hope are meaningful to them, as well as me.

First of all, this country has a historic commitment to democracy. It is a goal that all of us share. With this goal in mind, Congress, I believe, provided $57 million over the past three years for the Endowment. I think it is fortunate that these efforts would not be termed I think by anyone as a big success.

I won't dwell on that, Mr. Chairman. We have talked about that earlier, in previous years, and earlier testimony here.

But the point I wanted to make I think is worth considering. NED is not the only organization that promotes democracy abroad. We have the U.S. State Department, the Agency for International Development, U.S. Information Agency, CIA, and some others that are charged with promoting democracy, conducting exchange programs. They provide scholarships to foreign students, sponsor international conferences, disseminate information about the democratic way of life, the point being that the kinds of things we are concerned about promoting democracy can and are and will be done by other agencies; that NED is a duplication in many of those areas.

The difference, though, is that they have had some controls over the way public money is spent. AID alone is going to spend $2.1 billion this year. The U.S. Information Agency will spend $931 million for information activities. So we are not going to abandon our efforts to share our concepts about democracy abroad if NED is not re-funded.

The program that we have got is good library and cultural exchange centers in 127 countries around the world, and broadcasting in 21 languages in Eastern Europe and the Soviet Union.

Americans gave over a billion dollars to overseas activities last year. The point is that if NED were funded out of the private sector contribution, which is more than possible when you have a billion dollars being shared internationally, I think you would have a greater record of success.

I don't say that because you do have good people involved in the National Endowment, you have some wonderful people involved. I say it because I don't believe their decisions have had the proper kind of independent review that is essential for reasonable use of public funds.

Mr. Chairman, I won't dwell on my particular delights or forecasting, but I would like to make some suggestions to the committee, if the committee decides to continue to fund NED.

First of all, I hope the committee will address the problem that I think comes about because it doesn't have an independent review, because you have people who serve on the board who are associated with the people who get the money. That was part of what was involved in the first place, of setting it up so you wouldn't have that independent review. I hope the committee will address that because I think that has proved to be a mistake.

I think having the same people who represent organizations that get the money, having them on board deciding where it goes, makes it very difficult to get an independent review.

Mr. Smith. That is in the authorizing legislation?

Mr. Brown. Yes.

I think we have the ability here to restrict funding NED when you have those same people on the board. But the value of it, I think, is clearly this: If you sit on a board of directors where one person gets his share and your organization gets their share, it is very unlikely that they are going to question your money if you don't question theirs. And the group dynamics we have set up I think is one of the things that has caused very good people on that board to not investigate these projects.

I must say, I just can't imagine the majority of that board approving money that would go to a student branch of a foreign terrorist organization. I know the people on that board. I can't imagine that hardly any of them would approve that if it was properly looked into. I can't imagine a majority of them would want to interfere with the Panamanian election.

I won't belabor the point. I guess the most important part of the problem is that you don't have an independent board.

My recommendation would be that the following language be included in your bill: that none of the funds made available to the National Endowment for Democracy, pursuant to this Act, may be awarded to any institution, foundation or other organization, if a member of the board of directors of the Endowment is a member of the board of directors, officer or employee of, or has a similar affiliation or relationship with that organization. That, I think, will help ensure an independent review and make a stronger board.

The second recommendation really relates to the political party—we have already voted on that on the House Floor. But it simply says none of the funds made available to the National Endowment for Democracy pursuant to this Act may be awarded to the National Democratic Institute for International Affairs or any other organization connected in any manner with any political party operating in the United States.

All this does is protect us from Federal money, from government money, from taxpayers' money, being used for political purposes as it relates to hiring staff from the various political parties to serve as a holding device while you have people looking for jobs in-between elections. I think it helps safeguard public money from being abused by the party.

The bottom line, to sum up, I think this committee has an opportunity to address two of the major causes of the abuse in the Endowment, and if you should choose to fund the Endowment at all my hope is the committee would take a look at these two potential amendments.

[The statement of Mr. Brown follows:]

Statement by
Congressman Hank Brown of Colorado

before the

Subcommittee on Commerce, State, Justice, and Judiciary

Committee on Appropriations

U.S. House of Representatives

April 8, 1986

Mr. Chairman, I appreciate the opportunity to testify today on the National Endowment for Democracy.

The United States has an historic commitment to the goal of promoting democracy around the world -- first and foremost, by example. This has been -- and, hopefully, will continue to be -- a centerpiece of our foreign policy.

With this goal in mind, Congress has provided $57 million over the past three years to the National Endowment for Democracy.

Unfortunately, NED's efforts have not always been successful. In Panama last year and more recently in France, NED funds have been used to interfere in democratic elections in other countries. These activities have undermined democracy abroad and lost the U.S. friends.

In France, NED gave $575,000 to a student group that turned out to have what Carl Gershman, President of NED, has called "a questionable commitment to democracy." According to a French parliamentary inquiry, the group was linked to a now-outlawed paramilitary organization. Similarly, NED gave $830,000 to a French labor union engaged in anti-Mitterand demonstrations embarassed U.S. relations with an important ally.

More recently, NED funds compromised La Prensa, the only remaining opposition newspaper in Nicaragua, by being channeled through Prodemca, a U.S. group engaged in pro-contra activities.

NED has asked for an additional $20 million. In the current budgetary environment, the question becomes: Shall other important programs be cut so that we can continue to fund NED? In light of its poor track record, it would be hard to justify cutting other vital programs so that millions of dollars could be given to NED.

It is important to remember that NED is not the only organization that promotes democracy abroad. The U.S. State Department, Agency for International Development, U.S. Information Agenmcy, and Central Intelligence Agency are all involved in efforts to bolster and expand democracy. These agencies conduct exchange programs, provide scholarships to foreign students, sponsor international conferences, and disseminate information about the democratic way of life.

AID alone will spent $2.1 billion this year in activities to promote democracy, as well as trying to foster economic conditions conductive to democratic development. The U.S. Information Agency will spend $931 million in information and exchange activities. These programs include libraries and cultural centers in 127 countries, and broadcasts in 21 languages in Eastern Europe and the Soviet Union.

Like NED, these agencies -- along with the Department of Labor, which funds many of labor's international activities -- also make grants to private organizations to involve them in the effort to promote democracy abroad. The only ways in which NED is different from these agencies is its lack of openness, its lack of accountability, its lack of coordination with U.S. foreign policy, and its ability to give money to groups represented on its own board.

Grants from the USIA, AID, and the Department of Labor support many of the same kinds of activities as NED. The difference is that NED hands over large blocks of money -- in the millions of dollars -- to favored groups, whereas government agencies must conduct an independent review of each project. Proposals are evaluated for program content, personnel, budget, and conformity to civil rights and other rules for the use of public funds. Embassies in host countries are consulted. Each project is audited and evaluated when it is completed. These procedures make it less likely that funds will be misused or that projects are undertaken that will embarass the U.S. abroad.

Democracy is not promoted by the public sector alone. Last year, Americans gave over a billion dollars to overseas activities. The care taken in NED's programs -- and certainly its ability to embarass the United States -- might improve if the groups that make up its board funded their efforts through voluntary contributions. That is what many groups -- from the American Friends Service Committee to Rotary International -- have done with success. Americans are a generous people when they are convinced that their contributions will be wisely used for a good cause.

NED has not proven to be the most effective agency for promoting democracy. I would prefer that public funding for NED be discontinued, and that these funds be reallocated to either to other efforts to promote democracy, or to prevent cuts in other vital programs, or to reduce the deficit.

However, if the subcommittee decides to recommend further funding for NED, it should at least include limiting amendments to make it less likely that some of the same mistakes will be repeated. I would like to suggest the following three amendments. Perhaps others will have additional suggestions.

First, over the last three years, NED has given about 85 percent of its funds to groups represented on its board. This conflict of interest should be eliminated. The lack of an independent board, exercising independent review, is at the heart of NED's lack of openness, lack of oversight, and lack of accountability. The same individuals who submit proposals, give out the money. The same people who give out the money, get it. Those who receive the funds, monitor their use. Those who conduct the projects, evaluate them afterwards. If someone tried to design a program to ensure that mistakes and abuse would occur, it would be hard to do a better job.

The following provision would prohibit funds from going to groups whose officers, board members, or employees served on the NED board. Individuals who currently have dual membership -- on the NED board and with an institute funded by NED -- would have to resign one position or the other. Or their organizations would have to seek other sources of funding.

(1) None of the funds made available to the National Endowment for Democracy pursuant to this Act may be awarded to the any institute, foundation, or other organization if a member of the Board of Directors of the Endowment is a member of the board of directors, an officer, or an employee of, or has a similar affiliation or relationship with, that organization (or a parent organization of that organization).

Second, NED should not be funding groups associated with the political parties. The FY 1985 appropriations act contained a prohibition on funding these groups. It should be reinstated.

Placing public funds in the hands of party operatives invites abuse. It creates the possibility of using grants for domestic political purposes, warehousing staff between campaigns, flying politicians and contributors abroad, or inviting them to hobnob with foreign dignataries brought here.

Making our political parties dependent on the government threatens our own democracy. The party out of power must either conform to the foreign policy of the party in power, or work at cross purposes with it. Political parties should be entirely independent.

(2) None of the funds made available to the National Endowment for Democracy pursuant to this Act may be awarded to the National Democratic Institute for International Affairs, the National Republican Institute for International Affairs, or any other organization connected in any manner with any political party operating in the United States.

What is new about NED is not its goal of promoting democracy. That goal is as old as the American revolution and continues to be promoted by various government agencies, as well along with private voluntary organizations.

What is new about NED is that it allows the four groups represented on its board to give millions of dollars in public funds to their own groups, with less openness, less coordination, less accountability, and less effective oversight.

What is new about NED is that it enables individuals to give millions of dollars in public funds to the groups they represent -- without independent review, without openness, with full accountability.

NED should either be reformed in ways that will make it more effective in promoting democracy, or its public funding should be discontinued.

TUESDAY, APRIL 8, 1986.

NATIONAL ENDOWMENT FOR DEMOCRACY

WITNESS

HON. E. CLAY SHAW, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. SMITH. Mr. Shaw.

Mr. SHAW. Thank you, Mr. Chairman.

I will also ask that my full statement be made a part of the record, and I will briefly summarize.

As the two witnesses that went before me, I think you could summarize their testimony and say the problem is a lack of accountability. I would suggest that if this program had any other name, other than the National Endowment for Democracy, that the Congress would not in the first instance—this is one of the most half-baked ideas we have ever seen—would have rapidly discarded and never funded it in the first place.

We have now had an experiment with it. Many of those who voted for it in 1983, with some skepticism, now I think are fully convinced that it is a bad program and that it should be eliminated. I think, as Mr. Conyers said, it could be a source of embarrassment.

Even though I supported the President very strongly on the contras issue, I was very resentful of the fact that American taxpayers' dollars were used to lobby the Members of Congress, even though I happen to agree with their objectives. This has been a blight in our way of life, and it is extremely dangerous.

I think that for us to take this money and to put it into independent organizations, to be distributed the way they think they see fit, without accountability, is sadly wrong. What we basically have here, I would say, would be similar to a loose cannon with its fuse lit, bobbing around on rough seas on the deck of a sailboat not knowing whether it was going to fire out to sea or whether it was going to fire and shoot the mast off the ship itself. It is a bad situation. It was a bad idea.

Mr. Brown has very appropriately stated how these monies can be funneled through the traditional organizations of the Federal Government and can meet its objectives. All of us want democracy. But if we could buy democracy, I would suggest that this fund is sadly underfunded. I think this is a token. Even though it is $18 million, I think it is a question of just a token contribution toward democracy in the world. And it certainly cannot be gained through NED.

I would hope that the committee would zero fund the program, zero it out. However, I would support that should the committee want to put funds into it, that they would support Mr. Brown's amendments that he has put forward today.

[The statement of Mr. Shaw follows:]

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Congress of the United States
House of Representatives
Washington, DC 20515

COMMITTEES:
JUDICIARY

PUBLIC WORKS AND
TRANSPORTATION

SELECT COMMITTEE ON
NARCOTICS ABUSE AND CONTROL

STATEMENT OF THE HONORABLE E. CLAY SHAW, JR.
BEFORE THE SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE, THE JUDICIARY AND RELATED AGENCIES
APRIL 8, 1986

Mr. Chairman and colleagues, I am pleased to have this valuable opportunity to testify concerning the proposed funding of the National Endowment for Democracy (NED) during fiscal 1987. Much of the debate about NED has been philosophical. It has centered around the need to have our own effort to offset the propaganda machines of communists and authoritarians. The recently released 1985 Annual Report of the National Endowment for Democracy states that the organization's purpose is "to respond sensitively to the needs of the private citizens and organizations who are working peacefully for self-rule in a multiplicity of cultures and circumstances."

I can not quarrel with that lofty purpose and I am unashamed to admit that I supported NED when it was created in 1983 with the Administration's full support. Unfortunately and repeatedly however, the full range of NED's activities has aptly demonstrated that placing the concept of aiding democratic practices in foreign countries through the American private sector with federal government financing is an unmitigated disaster. This comes as a grave disappointment because there is no doubt that those committed to NED have acted out of legitimate concern for the form of government that we, as Americans, so properly revere. The groups associated with the NED Board--The Chamber, the AFL-CIO, and both national political parties are among the most vital and healthy leadership institutions in our society. These groups are models for the form of political participation and responsibility that we seek the other nations of this world to emulate.

I suggest that we elevate the debate beyond polemical exchanges about the need to export democracy. The question which is before you now and which will soon be before the entire House, is whether we should fund NED to achieve that purpose. After much reflection, I have come to the conclusion that NED should not be funded. My reason for opposing further NED funding can be summed up succinctly in three words--**lack of accountability.**

NED's creation in 1983 was not without controversy and it didn't take long for NED to demonstrate that such an organization could be both an embarrassment to the nation's foreign policy establishment and a high profile waster of the American taxpayer's hard-earned dollars. On May 31, 1984, the House voted 208-194 to delete NED funding from the State Department's fiscal 1985 appropriations bill. The catalytic event for that vote was the revelation that NED had had provided $20,000 to support the presidential campaign of Panama's Nicolas Ardita Barletta. At that time, we were assured that NED would no longer engage in the funding, either accidentally or willfully, of partisan politics in other countries of the world. NED's funding was restored in the Senate and the House approved the conference report because the Senate had acted to delete funding for the two major American political parties represnted on NED's Board of Directors.

Events of the past year have clearly demonstrated that NED did not learn much from its 1984 Panamanian peccadillo. There is considerable evidence that the NED Board violated congressional intent by reprogramming 1984 funds for the national party institutes in order to get around the 1985 congressional prohibition on funding the political party institutes.

Last fall it was revealed that NED had provided $1.4 million to two separate French labor groups--the National Interuniversity Union and the Force Ouvriere. Lafayette's contribution to the American revolution notwithstanding--Doesn't it seem just a trifle arrogant to be teaching the lessons of democracy to France? After all, France is one of the few countries where socialists and communists have tried the enlightened path to power we democrats refer to as popular elections. Perhaps it is coincidental that both of these organizations are reputed to be opponents of the Mitterand regime. It is no less than embarrassing that American taxpayers would be asked to provide $830,000 to UNI which was described by a 1982 French Parliamentary Commission of Inquiry "as a security force for right-wing politicians." The taxpayers are also underwriting grants in such models of anti-democratic tradition as Portugal, Spain, Britain, & Israel. Last month we learned that PRODEMCA, a group sympathetic to the democratic resistance in Nicaragua, may have used NED funds to finance full page ads in the New York Times and the Washington Times urging members of Congress to support the President's $100 million aid request.

Whether the French fiasco and the PRODEMCA embarassment can serve as a catalysts for eliminating NED in 1986 remains to be seen. There is a definite pattern of controversy and abuse with NED and I return at last to the reason why this is so. NED is nothing more than a loose funnel or a conduit for funds that go to groups who would just as soon not have the rest of the world know that they are accepting American funds. Apparently NED has developed the type of reputation where their funds are tainted even if they try to fund non-partisan activities. In January of this year, the New York Times reported that groups within the Phillipines had rejected the possibility of a NED grant to fund their efforts to supervise the fairness of that troubled nation's subequent sham election.

There is every reason to expect these problems will continue. In years past, 90% of the grants administered by NED have gone to groups represented on NED's Board of Directors. The

Board has reprogrammed funds to get around a congressional prohibition on funding the two American political party institutes. Confronted with mounting evidence of congressional dissatisfaction, NED President Carl Gershman told the Los Angeles Times in February, and I quote, "The Board was not originally seen as an oversight body but one through which these organizations could coordinate their programs."

We are faced with a request to fund an organization whose stated purpose is above reproach. In practice, NED is worse than a time bomb. NED is more like a loose cannon with its fuse lit rolling around the deck of a clipper ship in rough seas. That cannon may fire out to sea or it may blow the mast off the mother ship. I will support amendments to carefully limit what NED can do and who it can fund. I am very supportive of Rep. Hank Brown's effort to change the composition and outlook of the NED Board but I think we are just kidding ourselves about making NED work given its past record. I would like the benefit of the subcommittee's deliberations before taking final action but my own inclination is to offer a floor amendment to strike any funding for the National Endowment for Democracy in the 1987 appropriations bill should the committee bill fail to achieve that goal.

Mr. SMITH. All three of you referred to this situation in Nicaragua.

We held an oversight hearing. I will ask all three of you a question. We were told that the National Endowment were approached by La Prensa, and they could not get materials printed; the government wouldn't give them the printing materials. So they decided that under their charter it was in their interests to somehow channel to La Prensa the ink and whatever paper and whatever else is needed. They then selected Prodemca, which is the American organization, to channel the money. None of the money that was used for that purpose was used for this advertising we are talking about.

What they had was, first of all, a decision as to whether or not to support La Prensa. Secondly a decision had to be made as to how you get the materials to La Prensa.

The question to all three of you: Do you think that they should not have supported La Prensa? Do you think they should have selected a different medium to get the money there?

Mr. CONYERS. Well, Mr. Chairman, I have no way of responding to that question. I think that is a very appropriate inquiry for the subcommittee that has authorization, and it was my hope that there would be some hearings at that level on it so we could get to the bottom of——

Mr. SMITH. We held these hearings just to determine the facts. We are satisfied those are the facts.

That still leaves the question of should they have funded La Prensa. If so, should we have selected a different medium.

Mr. CONYERS. Who testified?

Mr. SMITH. The Endowment people.

Mr. CONYERS. Yesterday?

Mr. SMITH. No, it was March 24.

Mr. CONYERS. I see.

Well, I don't know. Maybe there is greater wisdom on all sides of me. There is no way I could tell you whether they should or shouldn't based on your summary of their fact. I am sure they told the truth. That is for one thing.

Mr. SHAW. Mr. Chairman, I think that the damager that you get into is when you fund an organization such as this, the dollars can come back directly or indirectly. This is the basic problem and basic flaw.

Mr. SMITH. Do you think they should have funded La Prensa? It is a difficult thing.

Mr. SHAW. We shouldn't really be in this business, particularly if you are talking about this information coming back to us.

Mr. SMITH. It doesn't come back to us. It is a matter of printing it in Nicaragua. Then the Nicaraguan Government didn't want the material coming from the United States. They have to buy it from some other country that won't let it in. Then when you buy it from some other country, it is difficult to trail every penny. There are no guarantees that none of it was used for these ads you are talking about. They didn't know about the ads ever being printed until after the funding was done.

Do you have an opinion on that, Mr. Brown?

Mr. BROWN. Mr. Chairman, I think personally La Prenza thinks there is much to recommend, some responsibility. I guess my concern is what, first. Secondly, I am delighted that this committee looked into it, and I hope we will have a further inquiry to nail down that it is indeed a fact that no money transferred. And I assume there is an audit trail that can be followed.

I guess my concern really is the process NED uses in distributing funds in that you don't have the kind of independent review there. I am not one who has been thrilled to death with the State Department over the years. I know the gentleman hears stories from time to time. At least they have got an independent review of those projects, and that I think is the missing element here.

Who knows, it may be that a more thorough review of the funding that was done would have turned up this sort of plan. At least I assume that is the kind of question one would ask; if you are giving taxpayer money to someone you would want to inquire a little beyond just the surface questions.

Mr. SMITH. Are you against all of these institutes or just the political institutes?

Mr. BROWN. Well, I guess I thought the whole NED concept that was set up without safeguards on spending taxpayers' money was a mistake. But I wish we had some of the forms the State Department uses to go through and evaluate projects that do exactly the same thing. The different forms we have gotten from NED, we have gotten all the letters.

You are literally looking at a case study involving many pages of research when the State Department awards grants or money. When you get that information from NED, there just isn't much there.

One of them that we saw, one page—maybe there is more—we weren't permitted to have. You have the expert here who can give it to you, the graphic. This isn't a fight over who you help.

Mr. SMITH. It is really not supposed to help any one of the institutes. They are used to channel the funds for a particular purpose. Maybe you disagree with the purpose.

Mr. BROWN. Well, no. As a matter of fact, I think many of the purposes—I am sympathetic to not all. But the point, I guess—I think it is worth making here—is the procedures you have are safeguards that you have in the State Department or some other agency look into something before U.S. taxpayer money goes into it.

Mr. SMITH. Of course.

Mr. BROWN. NED just doesn't do that. It is not set up to do that.

Mr. SMITH. With foreign aid or anything else you have a trail that works so long as material is being procured within the United States. If you have to procure outside the United States, the audit trail gets pretty dim.

Mr. BROWN. You can study something to death. I am not an advocate, but one of the good things about taking the time to study a little bit is you find out what all the organizations are going to be doing. Frankly, I don't know of an organization in the world that doesn't have trouble in allocating the staff time and overhead and office. And I guess I would be surprised if you had that amount of money going to an organization.

Mr. SMITH. It is a 7 percent limit. I doubt if anybody can operate on less than 7 percent overhead. Maybe they can.

Mr. **Brown**. You see, the point I am trying to make is one of the key differences here that I think has been NED's failing, and is the failure to really do a thorough job in looking into where the money is going to go and how it is going to be used, what the organization is like.

Mr. **Shaw**. If I might intervene here, I think we are talking about two basic things. One is the accountability, and the other is who is calling the shots and who is making the decisions.

No one is going to sit here and brag about the foreign aid getting to the right places when we are all scratching our heads and looking in the Philippines and finding whether it went to buy shoes or real estate or got to the people we are trying to help. But at least you have got an elected part of the Administration that has got accountability and responsibility for the distribution of those funds.

Even though once it leaves our shores you have got some real big pros here where we are cut loose before it leaves our shores and turn it over to outside agencies. And as the situation would have it, we have been embarrassed by some of the use of those funds.

Mr. **Smith**. The case of the Philippines was pretty well covered in our hearings, too. Money was going through the National Endowment, to encourage everyone to vote.

If the State Department had been distributing that money, it would have been suspect right at the beginning. The United States Government, under the State Department, is funding people to put out information to vote. I don't know. You can say it shouldn't be in it at all. If you don't do it that way, how do you do it?

Mr. **Shaw**. I would resent it very much if a foreign country were over here putting out information, trying to get out our vote. And I think that using that parallel elsewhere, you say is that really something that we as officials funding Federal Government should get that involved in?

It is a difficult situation, and it is a difficult call. But I don't think through a National Endowment of Democracy that we are going to export democracy at all.

Mr. **Smith**. Anything else?

Mr. **Shaw**. No, sir.

Tuesday, April 8, 1986.

CENSUS BUREAU

WITNESS

MICHAEL S. CARLINER, STAFF VICE PRESIDENT FOR HOUSING POLICY, NATIONAL ASSOCIATION OF HOME BUILDERS, REPRESENTING HOUSING STATISTICS USERS GROUP

Mr. **Carliner**. Mr. Chairman, members of the committee, my name is Michael Carliner, and I am Staff Vice President for Housing Policy at the National Association of Home Builders. I appear before you today as Vice Chairman of the Housing Statistics Users Group, a committee composed of individuals concerned with housing and housing information.

The group includes representatives from: American Association of Homes for the Aging; American Planning Association; AFL–CIO; Council of State Housing Agencies; Housing Assistance Council; National Association of Home Builders; National Association of Housing and Redevelopment Officials; National Association of Realtors; and the United States Conference of Mayors.

I have come here today to discuss a proposal by the Census Bureau to eliminate its Housing Division as part of a reorganization. The objectives of the reorganization appear to include better allocation of resources and better coordination. Based on conversations with officials at the Bureau, we have no reason to doubt their sincerity in believing that this will improve the quality of information about housing that they produce.

We believe, however, that the real effect will be a deterioration in the quality, scope, timeliness, and accessibility of housing data. Moreover, we believe that the valid objectives of the Bureau in proposing this reorganization can be achieved without dismantling the organizational component which has the responsibility for housing data.

The Housing Division is part of the demographic area of the bureau. Its responsibilities include the housing components of the decennial census, the American Housing Survey, the Quarterly Vacancy Survey, and the Survey of Market Absorption for newly-built apartments. This information on the quality, availability, and cost of housing is essential in the pursuit of established national public policy goals. It is also used by local governments and private industry in determining and responding to housing needs.

Within the Census Bureau, the term "division" is effectively a synonym for a level of decision-making authority and influence in the allocation of resources. The elimination of the Housing Division would be likely to affect such seemingly small, but critically important, decisions as the allocation of space for questions in the decennial census form.

The concentration of responsibility for housing within a single division, rather than dispersed among many divisions, facilitates the development of expertise in the peculiar problems involved in the definition and collection of housing data. The characteristics of structures are quite dissimilar from the demographic characteristics that are the subject matter for the other divisions in the demographics area.

The concentration of expertise and professional focus of an independent housing division are even more important in terms of accessibility of the data. Elimination of the division would make it much more difficult to find information about housing, so that even if the information is still collected, people will have more difficulty using it.

We believe that the reorganization proposal reflects concerns about short-term management and personnel issues, and caution this committee that there could be serious long-term adverse impacts on housing data and ultimately on the quality of housing in this country.

Thank you for the opportunity to testify. I would be happy to answer any questions.

Mr. SMITH. Thank you very much.

[Statement of Mr. Carliner follows:]

Statement of
Michael S. Carliner
Staff Vice President for Housing Policy
National Association of Home Builders

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WEDNESDAY, APRIL 9, 1986.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

WITNESS

JOHN MARTIN, EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

Mr. SMITH. Mr. John Martin. You may go ahead.

Mr. MARTIN. Good morning. Mr. Chairman, my name is John Martin. I appreciate the opportunity to offer this testimony. I am speaking on behalf of myself only and I do not represent any organization.

This is a statement on the 1987 budget request of the Equal Employment Opportunity Commission.

In my testimony to this Committee in the two previous years, I presented findings of two Federal District Courts that the Equal Employment Opportunity Commission has violated the laws it was created to enforce. During the time I worked in the Boston office of the EEOC I was subjected to unlawful employment practices.

Judge Skinner found office violations that had gone uncorrected for long periods of time. For example, one employee had been sleeping at his desk for two or three times a week for four years and had not been disciplined. A co-worker who objected to this disarray had her personal property destroyed and her life threatened.

After I filed complaints I was physically attacked and choked into unconsciousness while I was performing my official job duties at my desk.

I subsequently filed suit and asked that the EEOC negotiate a reasonable settlement. EEOC has refused and stubbornly demanded that it will only litigate my case in spite of the fact that Judge Skinner has found EEOC's chief witness incredible.

This year's budget message of the President stated: "As we proceed with the deficit reduction process it is important that all remaining federal operations be well managed. We can no longer afford inefficiencies."

Mr. Chairman, I respectfully submit that the EEOC's treatment of me and its handling of complaints I brought to them is an example of mismanagement and inefficiency. After stonewalling my complaints for seven years, the only action the EEOC took was to try to take my life. My present legal fees of $15,000 are growing as time goes by.

Described by the President, the budget message stated: "Reduction of fraud, waste, and abuse in federal programs remains a high priority."

Recently EEOC lost a major lawsuit against Sears Roebuck, Incorporated. EEOC had charged Sears with a nationwide pattern of discrimination. The judge noted EEOC was unable to produce one victim of discrimination or prove the occurrence of even one discriminatory action.

Sears said of EEOC's failed 12-year vendetta "EEOC's claims that Sears discriminates were frivolous, unreasonable, and without foundation."

Chairman Clarence Thomas in reacting to the EEOC's loss in the Sears case said: "We have to take a long hard look at the way we handle these cases in the future."

Mr. Chairman, I respectfully request that before the EEOC's budget request be approved, that this Committee asks Mr. Thomas to take a long hard look at the way EEOC has handled my case. To date EEOC has made no good faith effort to settle.

Sears Roebuck and Company has filed a petition to recover some $20 million in attorneys fees expended in its 12-year defense of the suit. Mr. Chairman, as an individual without the resources of Sears, the EEOC recalcitrance has proven costly and burdensome to me and is unwarranted, unreasonable, and against public policy. Thank you.

[Statement follows:]

TESTIMONY ON THE 1987 BUDGET REQUEST
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Mr. **Smith**. It is an interesting statement.

Are you aware that there is a law passed about three years ago that permits—it is after the fact, but it permits recovery of legal fees?

Mr. **Martin**. Yes, sir.

Mr. **Smith**. Did you say you testified last year on this too?

Mr. **Martin**. Yes, sir.

Mr. **Smith**. Okay, thank you very much.

Mr. **Martin**. Thank you.

Wednesday, April 9, 1986.

TRADE ADJUSTMENT ASSISTANCE

WITNESS

JAMES L. KING, NATIONAL ASSOCIATION OF MANAGEMENT AND TECHNICAL ASSISTANCE CENTERS

Mr. **Smith**. James King.

Mr. **King**. Mr. Chairman, I am the President of the National Association of Management and Technical Assistance Centers, which goes by the acronym NAMTAC. We are an organization of University related entities whose members share the objectives of applying University resources toward improving business productivity, community growth, and employment opportunties within the private sector.

NAMTAC members generally provide services through one-to-one consulting, seminars and workshops, publications, specialized libraries, computerized information and referral services and preparation of customized feasibility marketing studies or business plans. Virtually all of the members have access to the large professional and laboratory resources of their universities. The services of our members can be categorized as management assistance, technical assistance, and community economic development.

Our members range the gamut from the very large private universities such as University of Southern California with its extensive professional and technical resources, to the historically black colleges that are struggling to help their communities become economically more independent.

Many of our members receive a critical share of their operating funds through the University Center Program of the Economic Development administration.

Your Subcommittee, Mr. Chairman, has in the past been very supportive of both EDA and the University Center Program. In the past two years as a result of your actions, the annual line item in the EDA appropriation for University centers has gone from 3 million to 5 million. While these are comparatively small amounts, they represent a major opportunity for us to leverage the resources of higher education on behalf of economic development. We appreciate your support.

As a result of that support, our members have accomplished a great deal. Here are a few examples of what has been done this past year.

At the University of Michigan, the Great Lakes Trade Adjustment Assistance Center and University Center for Management and Technology collaborated to find new capital and helped the manufacturer of air compressors who was about to close its facility and begin importing products. 50 jobs were saved directly from being exported overseas. The Great Lakes Trade Adjustment Assistance center has been supported by the Department of Commerce through the Trade Adjustment Assistance Program. The University Center receives a significant part of its support from the EDA University Center Program.

In Mississippi, the Mississippi Research and Development Center, which receives parts of its support from the EDA University Center Program helped a forest products business prepare financial plans and secure all the financing necessary for the construction and operation of a new factually that would employ 670 people in a county with an unemployment rate of 18.5 percent.

In Florida, the EDA-sponsored Florida Economic Development Center helped the community of Sebring complete all the necessary feasibility studies to undergird financing for the construction of a new race track that will bring in from 5 to $9 million annually for the community, a community bypassed by Florida's economic boom.

These are but a few of the projects our members were able to complete last year. I would like to submit for the Committee's record the attached copies of our press releases announcing project-of-the-year awards that go to our members. These give a fuller description of what we have accomplished.

I would also like to submit the attached resource guide for the record. They provide a list of the services furnished by many of our members.

Mr. Chairman, we know that EDA is under attack and that the Administration is recommending its termination. We hope that this Subcommittee will, as it has done in the past, support both EDA and the EDA University program. They are best buys that return great dividends to the public in the form of increased economic activity, new and saved jobs, and better communities.

It is sometimes asked why the EDA University Center Program is needed in light of the Small Business Development Center Program of the Small Business Administration. As the director of New York's Small Business Development Center Program and the former director of the University Center Program at the State University of New York, I think that I am in an ideal position to answer that question.

The SBDC program is highly targeted to entrepreneurship and small business with standardized purposes. Our SBDC often gets calls for assistance from communities or businesses that do not fit SBA's guidelines. The EDA University program gives considerably more flexibility in applying our resources in support of economic development. It is a modest program with cost benefit ratios that are highly favorable.

Because of its flexibility, it gives us an opportunity to experiment and to take on projects we might otherwise have to turn down.

The EDA University Center Program is on the cutting edge of what is being done today to mobilize the resources of higher education on behalf of economic development. In recognition of this, the American Association of State Colleges and Universities and NAMTAC are collaborating on an EDA financed project to bring together higher education administrators to examine how universities can play a more important role in economic development. The culmination of this project will be a national conference on higher education and economic development in Atlanta April 20 through the 22nd.

If asked to summarize my belief of what the EDA University Center Program provides to our nation, I would point to the innovative accomplishments this program has had in applying the talents of higher education for economic development.

We are faced with the common business decision of trading off short-term savings and long-term investment in our economic future. In today's world economy we need the competitive edge provided through the talents and expertise of higher education applied to economic development.

As you can see, Mr. Chairman, the University Center Program provides assistance for economic development and is alive and well and growing stronger. Our achievements have been accomplished primarily because this Subcommittee and other members of Congress have recognized the values of our programs and have continued to insist that they be funded.

We hope you will continue to support us in the coming year. In return, we pledge to you our unrelenting efforts to make our programs better and better every year so that we can help our country to grow economically and to provide our citizens with an ever-increasing standard of living.

Thank you. And I would be pleased to answer any questions.

[Statement follows:]

Statement of
James L. King
President
National Association of Management and
Technical Assistance Centers (NAMTAC)
and
Director, Small Business Development Center
State University of New York
Albany, New York
before the
Subcommittee on Commerce, Justice
State, the Judiciary and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, D.C.
April 9, 1986

Mr. Chairman, I am the president of the National Association of Management and Technical Assistance Centers which goes by the acronym, "NAMTAC." We are an organization of university-related entities whose members share the objective of applying university resources toward improving business productivity, community growth, and employment opportunities within the private sector.

NAMTAC members generally provide services through one-to-one consulting, seminars and workshops, publications, specialized libraries, computerized information and referral facilities, and the preparation of customized feasibility, marketing studies, or business plans. Virtually all of the members have access to the large professional and laboratory resources of their universities. The services of our members can be categorized as: (1) management assistance; (2) technical assistance; and (3) community economic development.

Our members range the gamut of very large, private universities such as the University of Southern California with its extensive professional and technical resources to the historically Black colleges that are struggling to help their communities become economically more independent.

Many of our members receive a critical share of their operating funds through the University Center program of the Economic Development Administration (EDA). Your subcommittee, Mr. Chairman, has, in the past, been very supportive of both EDA and the University Center program. In the past two years, as a result of your actions, the annual line item in the EDA appropriation for University Centers has gone from $3 million to $5 million. While these are comparatively small amounts, they represent a major opportunity for us to leverage the resources of higher education on behalf of economic development. We appreciate your support.

As a result of that support, our members have accomplished a great deal. Here are a few examples of what has been done in the past year. At the University of Michigan, the Great Lakes Trade Adjustment Assistance Center and the University Center for Management and Technology collaborated to find new capital and help a manufacturer of air compressors who was about to close his factory and begin importing products. Fifty jobs were saved from being exported overseas. (The Great Lakes Trade Adjustment Assistance Center has been supported by the Department of Commerce through the trade adjustment assistance program. The University Center receives part of its support from the EDA University Center program.)

In Mississippi, the Mississippi Research and Development Center, which receives part of its support from the EDA University Center program, helped a forest products business prepare financial plans and secure all the financing necessary for the construction and operation of a new factory that would employ 670 people in a county with an unemployment rate of 18.5%. In Florida, the EDA-supported Florida Economic Development Center helped the community of Sebring complete all the necessary feasibility studies to undergird financing for the construction of a new race track that will bring in from $5 to $9 million annually for the community, bypassed by Florida's economic boom.

These are but a few of the projects our members were able to complete last year. I would like to submit for the Subcommittee's record the attached copies of our press releases announcing project-of-the-year awards that go to our members. These give a fuller description of what we accomplish. I would also like to submit the attached pages from our resource guide for the record. They provide a list of services furnished by many of our members. Mr. Chairman, we know that EDA is under attack, and that the Administration is recommending its termination. We hope that this Subcommittee will, as it has done in the past, support both EDA and the EDA University Center program. They are "Best Buys" that return great dividends to the public in the form of increased economic activity, new and saved jobs, and better communities. It is sometimes asked why the EDA University Center program is needed in the light of the Small Business Development Center program of the Small Business Administration. As the Director of New York's SBDC program and former Director of the University Center program for the State University of New York, I think that I am in an ideal position to answer that question. The SBDC program is highly targeted to entrepreneurship and small business, with standardized purposes. Our SBDC often gets calls for assistance from communities or businesses that do not fit SBA's guidelines. Because we also have the EDA University Center program, we need not turn these worthwhile requests away.

The EDA University Center program gives considerably more flexibility in applying our resources in support of economic development. It is a modest program with cost/benefit ratios that are highly favorable. Because it is flexible, it gives us an opportunity to experiment and to take on projects we might otherwise have to turn down.

The EDA University Center program is on the cutting edge of what is being done today to mobilize the resources of higher education on behalf of economic development. In recognition of this, the American Association of State Colleges and Universities and NAMTAC are collaborating on an EDA-financed project to bring together higher education administrators to examine how universities can play a more important role in economic development. The culmination of this project will be a national conference on higher education and economic development to be held in Atlanta, April 20-22.

If asked to summarize my belief of what the EDA University Center program provides to our nation, I would point to the innovative accomplishments this program has had in applying the talents of higher education for economic betterment. We are faced with the common business decision of trading off short-term savings and long-term investment in our economic future. In today's world economy, we need the competitive edge provided through the talents and expertise of higher education applied to economic development.

As you can see, Mr. Chairman, University assistance for economic development is alive and well and growing stronger. Our achievements have been accomplished primarily because this subcommittee and other Members of Congress have recognized the value of our programs and have continued to insist that they be funded.

We hope that you will continue to support us in the coming years. In return, we pledge you our unrelenting efforts to make our programs better and better every year so that we can help our country to grow economically and to provide our citizens with an ever-increasing standard of living.

Thank you. I will be pleased to answer your questions.

NATIONAL ASSOCIATION OF MANAGEMENT AND TECHNICAL ASSISTANCE CENTERS

October 17, 1985

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NAMTAC ANNOUNCES WINNERS OF
1985 PROJECT OF THE YEAR AWARDS

David H. Swanson, president of the National Association of Management and Technical Assistance Centers (NAMTAC), tonight announced the winners of the NAMTAC Project of the Year Awards for 1985. The winning centers received their award plaques at a presentation ceremony at the annual NAMTAC dinner in Rosslyn, Virginia.

There were three awards presented in each of three categories: Management Assistance; Technology Transfer; and Economic Development.

The first place award for the Management Assistance Category went jointly to the Great Lakes Trade Adjustment Assistance Center and the University Center for Management and Technology Transfer of the University of Michigan. Both organizations are a part of the Special Projects Division of the University's Institute of Science and Technology. The two organizations collaborated to find new capital and improve productivity for a manufacturer of air compressors who was about to close his facility and begin importing the products. As a result, 50 manufacturing jobs were saved. The Director of the Special Projects Division is Larry Crockett. The Director of the Great Lakes Trade Adjustment Assistance Center is Marian J. Krzyzowski.

Second place in the Management Assistance Category was awarded to the Western Trade Adjustment Assistance Center of the University of Southern California for its work in helping a garment manufacturer reduce costs and improve productivity. As a result, sales increased from less than $2 million in 1983 to $5.7 million in 1985, with employment up from 65 to 160. The Western Trade Adjustment Assistance Center is a part of the University's Western Research Applications Center, whose Director is Radford G. King. Teddy Johnsen is the Director of the Trade Adjustment Assistance Center. This is the second straight year that the Center has been cited by NAMTAC.

The Mississippi Research and Development Center received third place honors in the Management Assistance Category for its work in helping a Mississippi forest products manufacturer prepare financial plans and secure all financing necessary for the construction and operation of a new facility that will bring 70 new jobs to a county with an 18.5% unemployment rate. This is the third consecutive year that the Mississippi Research and Development Center was honored in NAMTAC's Project of Year competition. NAMTAC member Alice Lusk is on the staff of the Research and Development Center.

Another repeat winner in 1985 was the Pennsylvania State University's Pennsylvania Technical Assistance Program which took first place in the Technology Transfer category for the second straight year. The award recognized its achievement in helping the growth of a Pennsylvania company that provided a patented method for economically converting an aerial survey photograph to scale. The Director of the Pennsylvania Technical Assistance Program is H. Leroy Marlow.

The second place award for technology transfer went to the Florida Economic Development Center of Florida State University. The Center was a double winner in 1985, since it was also awarded first place in the Economic Development category. Its technology transfer project enabled an inventor to develop his technology and accomplish marketing for a machine that makes it possible for restaurants to thaw frozen foods more efficiently and with better taste. It economic development project was instrumental in helping to plan and secure financing for a new race track that will bring from $5 to $9 million dollars annually into Sebring, Florida. The Director of the Florida Economic Development Center is Roy Thompson, Jr.

The EDA University Center Program of the Georgia Institute of Technology was also a double winner in 1985. It received a second place award in the economic development category and third place for technology transfer. Its winning economic development project helped a local development authority in Turner County, Georgia, establish the feasibility and secure financing for the start-up of a new company that will manufacture a pecan harvester. Its technology transfer award involved new plant layouts and improved productivity for a company that manufactures components for plaques and trophies. The EDA University Center Program is a part of the Georgia Tech Research Institute. NAMTAC member Art Brown is the Director of the Center.

Third place in the economic development category was awarded to the Office of Small Business Programs of the University of New Hampshire for its innovative Venture Capital Network that uses computer matching to bring together venture capital investors with entrepreneurs in need of equity financing. Craig Seymour is the Director of the Office of Small Business Programs.

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FLORIDA ECONOMIC DEVELOPMENT CENTER RECEIVES TWO AWARDS

The Florida Economic Development Center of Florida State University has received two awards in a national project competition conducted by the National Association of Management and Technical Assistance Centers. The Center was awarded first place in the economic development category for its help to the Sebring Airport Authority in the development of a new race track; and second place in the technology transfer category for its help in the development of a machine that will enable restaurants to thaw frozen foods more quickly, with less water and with better taste. The awards were announced by David H. Swanson, president of the Association, at its annual dinner in Rosslyn, Virginia.

Because an existing race track used portions of the Sebring Airport runway, racing could only be held on one weekend per year. At the request of the Airport Authority, the Center conducted an analysis of potential revenues from the construction of a two mile track that could be used for racing the year around. As a result, the Airport Authority was able to raise $750,000 for construction of the track and secured agreement for national TV coverage of 3 to 5 additional major races per year. This will bring in from 5 to 9 million dollars in new economic activity.

The new Thawmaster machine was originally sent to the Florida Economic Development Center's Quest for Technology program. The Center provided help in developing the technology, as well as in marketing.

The Florida Economic Development Center is directed by Roy Thompson, Jr. Its work is funded in part by a grant from the Economic Development Administration of the Department of Commerce.

The National Association of Management and Technical Assistance Centers is an organization composed largely of university-affiliated centers that help communities and businesses with economic development, management assistance and technology transfer.

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SUMMARY

1985 PROJECT OF THE YEAR AWARDS

NATIONAL ASSOCIATION OF MANAGEMENT AND TECHNICAL ASSISTANCE CENTERS

	INSTITUTION	ORGANIZATION	NAMTAC MEMBER(S)	PROJECT
		MANAGEMENT ASSISTANCE		
1.	University of Michigan	University Center Great Lakes TAAC	Larry Crockett Marian Krzyzowski	Manufacturer of air compressors
2.	University of Southern Cal.	Western TAAC	Radford King Teddy Johnsen	Garment manufacturer
3.	Mississippi Research & Development Center	Business Services Bureau	Alice Lusk	Forest products manufacturer
			:	
1.	Pennsylvania State University	PENNTAP	· Marlow	Conversion of aerial photographs
2.	Florida State University	Economic Developm	ıpson, Jr.	Thawing machinery
3.	Georgia Tech	Universi	ın	Manufacturer of wood products
			ıT	
1.	Florida State University	Economic Developm	ıpson, Jr.	Community auto racing track
2.	Georgia Tech	Universi-, ------	--- ---.ın	New manufacturer pecan harvesting
3.	University of N Hampshire	Office of Small Business Programs	Craig Seymour	Venture capital network

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NEW HAMPSHIRE SMALL BUSINESS OFFICE WINS PROJECT AWARD

The Office of Small Business Programs of the University of New Hampshire has won an award for project excellence from the National Association of Management and Technical Assistance Centers. The Office was awarded third place in the economic development category for its Venture Capital Network that brings risk capital investors together with entrepreneurs who need equity capital. The award was announced by David H. Swanson, president of the Association, at its annual dinner in Rosslyn, Virginia.

The Venture Capital Network uses a computerized matching service that makes it possible to match up entrepreneurs with investors having similar interests. In its first 12 months of operation, the network was responsible for 343 contacts between investors and entrepreneurs. Five investments were brought to completion and more were in negotiation.

The director of the Office of Small Business Programs at the University of New Hampshire is Craig Seymour. He was assisted in this project by Professor William Wetzel of the Whittemore School of Business and Economics at the University. The work of the Office of Small Business Programs is funded in part by a grant from the Economic Development Administration of the Department of Commerce.

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PENNTAP GETS FIRST PLACE AWARD FOR TECHNOLOGY TRANSFER

The Pennsylvania Technical Assistance Program (PENNTAP) of the Pennsylvania State University has received a first place award for a technology transfer project from the National Association of Management and Technical Assistance Centers. The project involved technological assistance to RAMSCALE, a company that provides a patented method for economically converting an aerial survey photograph to scale. The award was announced by David H. Swanson, president of the Association at the organization's annual dinner in Rosslyn, Virginia.

RAMSCALE was invented by Mr. Morris Ramsay. PENNTAP arranged for help to Mr. Ramsay from civil engineering professors, and assisted in providing leads for customers. Assistance was also provided in securing venture capital.

The director of PENNTAP is Dr. H Leroy Marlow. PENNTAP is funded in part by a grant from the Economic Development Administration of the Department of Commerce.

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UNIVERSITY OF MICHIGAN UNITS AWARDED FIRST PLACE IN PROJECT COMPETITION FOR MANAGEMENT ASSISTANCE

Two organizations of the University of Michigan that collaborated to help save a company and jobs from foreign competition were awarded first place in a competition sponsored by the National Association of Management and Technical Assistance Centers. The two organizations are the Great Lakes Trade Adjustment Assistance Center and the University Center for Management and Technology Transfer, Both organizations are a part of the Special Projects Division of the University's Institute of Science and Technology. The competition consisted of projects showing outstanding success in providing university-based management assistance to businesses. The award was announced by David H. Swanson, president of the Association at the organization's annual dinner in Rosslyn, Virginia.

A Michigan manufacturer of reciprocating air compressors, discouraged by his inability to meet foreign competition, was about to discontinue manufacturing in the United States and begin importing compressors. The situation was brought to the attention of the director of the University Center, who in turn found a successful Michigan businessman willing to acquire the company and keep it in the United States. The Trade Adjustment Assistance Center provided assistance that helped the company reduce its manufacturing costs, improve quality and design and undertake more effective marketing and distribution efforts. As a result, 50 manufacturing jobs were saved $750,000 in new equity was invested, and $500,000 is being invested in new equipment.

The director of the Special Projects Division and of the University Center is Larry Crockett. The director of the Great Lakes Trade Adjustment Assistance Center is Marian J. Krzyzowski. The University Center program is funded in part by grants from the Economic Development Administration(EDA), while the Trade Adjustment Assistance Center is funded in part by grants from the International Trade Administration(ITA). Both EDA and ITA are units of the U. S. Department of Commerce. The National Association of Management and Technical Assistance Centers is an organization composed largely of university-affiliated centers that help communities and businesses with economic development, management assistance and technology transfer.

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GEORGIA TECH UNIVERSITY CENTER RECEIVES TWO AWARDS

The Georgia Institute of Technology University Center Program has received two awards in a national project competition conducted by the National Association of Management and Technical Assistance Centers. The Center was awarded second place in the economic development category for its aid to the City of Ashburn and the Turner County Development Authority in helping with the start-up of a new company that will manufacture and market a pecan harvester; and third place in the technology transfer category for its help in improving the productivity of a company that manufactures components for plaques and trophies. The awards were announced by David H. Swanson, president of the Association, at its annual dinner in Rosslyn, Virginia.

When local officials asked Georgia Tech's Industrial Extension Service to review the feasibility of a proposed manufacturing operation for a reel pickup pecan harvester, the Service helped prepare a realistic business plan and provided continuing assistance in construction, cost estimating, plant layout and marketing. As a result, there are 12 new jobs and an annual payroll of $150,000 with growth to come.

The technology transfer category award was given to the Center for the Service's help to Blue Ridge Mountain Woodcrafts, Inc., of Ellijay, Georgia. By providing new plant layouts, the Center helped the company decrease costs, improve productivity, and receive new financing.

The EDA University Center program of the Georgia Institute of Technology is a part of the Georgia Tech Research Institute. The Center's Director is Art Brown. Its work is funded in part by a grant from the Economic Development Administration of the Department of Commerce.

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FOR IMMEDIATE RELEASE - October 17, 1985

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USC ADJUSTMENT ASSISTANCE CENTER HONORED

For a second consecutive year, the Trade Adjustment Assistance Center of the University of Southern California has been honored in a competition conducted by the National Association of Management and Technical Assistance Centers. The Center was awarded second place in the management assistance category for its help in enabling a garment manufacturer to overcome the impact of foreign competition. The award was announced by David H. Swanson, president of the Association, at its annual dinner in Rosslyn, Virginia.

The Center first helped the firm identify its major problems and to evaluate its strengths and weaknesses. Then aid was provided in reducing costs through production engineering and better management control. As a result, sales increased from less than $2,000,000 in 1983 to $5,700,000 in 1985, and employment increased from 65 to 160.

The Western Trade Adjustment Assistance Center is a unit of the Western Research Applications Center of the University of Southern California. The Research Applications Center is directed by Radford G. King. The Trade Adjustment Assistance Center is directed by Teddy Johnsen. The work of the Trade Adjustment Assistance Center is funded by a grant from the International Trade Administration of the Department of Commerce.

The National Association of Management and Technical Assistance Centers is an organization composed largely of university-affiliated centers that help communities and businesses with economic development, management assistance and technology transfer.

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MISSISSIPPI BUSINESS CENTER CITED

For the third consecutive year, the Mississippi Research and Development Center has won an award for project excellence from the National Association of Management and Technical Assistance Centers. The Center was awarded third place in the management assistance category for helping a Mississippi forest products manufacturer to secure financing that would enable it to build a new facility. The award was announced by David H Swanson, president of the Association, at its annual dinner in Rosslyn, Virginia.

The Center prepared a complete 10-year financial plan for the manufacturer and followed up with assistance in preparing loan packages for financing from a number of different public sources. As a result, all loans were approved, and the facility is under construction. It will employ 70 people in a county that has an 18.5% unemployment rate. Total capital investment is slated to be $3,700,000.

The director of the Mississippi Research and Development Center is Jim W. Meredith. The project was carried out by the staff of the Center's Business Services Bureau. Ms. Alice Lusk of the Business Services Bureau is a member of the National Association of Management and Technical Assistance Centers. The Bureau's work is funded in part by a grant from the Economic Development Administration of the Department of Commerce.

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Mr. SMITH. It is very good testimony. Tell me what is the principal reason that some are turned down. Do they not meet the criteria or what?

Mr. KING. Within the SBDC program the size programs, and also for the SBDC we are specifically targeted toward the private sector small business firm. We have difficulty in dealing with communities with regard to let us say downtown revitalization projects. We can work with the individual businesses but we cannot work with the community leaders.

Mr. SMITH. I meant on the University Center Program.

Mr. KING. Well, the University Center Program does give us that flexibility, so we do.

Mr. SMITH. Oh. I thought you said you turned quite a number down under that program.

Mr. KING. With the SBDC program, which I am currently the state director, we are not able to assist communities in their economic development programs. But through the University Center Program which the University also has—

Mr. SMITH. You had to turn them down under that?

Mr. KING. Exactly. We have been able to help them in those areas.

Mr. SMITH. Thank you for your very good testimony.

WEDNESDAY, APRIL 9, 1986.

NTIA GRANTS

WITNESS

GEORGE CARPENTER, IOWA PUBLIC TELEVISION

Mr. SMITH. George Carpenter.

Mr. CARPENTER. Thank you very much, Mr. Chairman.

Mr. SMITH. Go ahead.

Mr. CARPENTER. My name is George Carpenter, and I am executive director of Iowa Public Broadcasting in Des Moines, Iowa.

I have filed a statement by Peter Fannon who is the President of the National Association of Public Television Stations. And I am here to make a few brief comments in support of that statement.

Mr. SMITH. Okay, go ahead.

Mr. CARPENTER. Also, I must say I am delighted to have this privilege, particularly appearing before this Committee which is chaired by Iowa's most respected and senior statesman.

Mr. SMITH. Do you say that to other Members?

Mr. CARPENTER. I have not said that ever before. In the way of further introduction of myself, I should say that I am new in my position as well as I am new to Iowa Public Television. I joined this position in November of this year after 31 years in the private commercial broadcasting sector, the last 20 of which were with WHL Broadcasting in Des Moines, in various levels of management, including six years as vice president and general manager of their radio and television stations division in Des Moines.

I became concerned about the escalating need for quality noncommercial programming, particularly as I saw the shift of ownership in commercial broadcasting moving from broadcasters to investors, and some of the extremely high price earnings multiples that they have been sold to, somewhat similar to the price of Iowa farmland in 1979, the pressures for bottom line development is going to be extremely hard, and certainly at the expense of whatever substantive programming that the local affiliates and stations were doing.

As one of the noted television critics said recently: "The business of commercial television is making money, the business of public television is making television." And I opt for the latter.

The existence of public television is really the result of some dedicated commitments by public broadcasters, by the viewers, by some private funders, but most certainly by various levels of government which were committed to the need for quality alternate programming. And they backed up these commitments with funds.

And these funds were able to bring about the birth of public broadcasting, they have been able to bring public broadcasting through its infancy. But broadcasting is going to mature, really even if it is going to maintain the status quo, it is going to require more funds.

I am pleased to say that I understand that the President did sign the other night the bill authorizing the funding for PTFP. More money is going to be needed though.

And let me just cite the case of Iowa Public Television. It is state owned, it is controlled by an autonomous and independent board. Its purpose initially was to aid in the objectives of the state in education. Right now we program over 1,000 hours into the classrooms of some 600,000 students in the K through 12 grades.

We also provide 26 telecourses annually for college credit. We provide CED programs for those without high school diplomas. We have how to series, how to sew, how to fix your car, how to paint your house, how to fix this and that. Over our blanking interval we provide up-to-the-minute crop and weather and price market reports to our critical agricultural community.

For the hearing impaired we provide a constant printed text news on our television station through our networks. We provide to all of Iowa, all of Iowans, entertainment, we provided drama culture, sports, public affairs, and lots and lots of information. In fact, we are literally an electronic library to Iowans.

The growth and delivery of Iowa Public Television into its 99 counties is primarily a result of the matching funds that have been granted by the Public Television Facilities Board over the years. This provided us our eight transmitters, our eight translators, electronic gear editing equipment, cameras, much of the things that have gone together to help us not only in our studios, but also to provide a mobile ability to go out through the state and produce programs in each corner of the state.

This equipment gets old, it wears out, or becomes obsolete. For example, last year our funds which we received from BTPFP in the amount of $147,000 were used principally for the purpose of one-inch equipment. If our grant is approved this year, it will go for the same thing. Why? Because our two-inch video equipment is old, it is worn out, and even more so, the industry standards have changed now to the one-inch format and most of the programs we receive are on that format.

Of increasing concern though is our need soon to replace our transmitters. All of Eastern Iowa—and this is one third the state—is fed by our Channel 12 facility in Iowa City. This was manufactured and installed by General Electric in 1969. A year later General Electric went out of this business. So obviously our parts now are extremely scarce.

And soon they will be totally depleted, somewhat akin to depending upon as your principal means of transportation a vehicle that has 200,000 miles. And that vehicle is a Studebaker. There are no more parts for it.

Mr. SMITH. Can they not make them in Taiwan?

Mr. CARPENTER. As a matter of fact, our one source is a telephone number and address of a retired design engineer in Syracuse, New York, who we understand makes these parts in his basement. And we are hoping that he lives a long and successful life.

I should tell you that Iowa Public Television is in the process—and I am sure you are aware of this—of constructing a new broadcast facility in Des Moines. This is a 65,000 square foot broadcast center which will replace what was the temporary warehouse quarters that we have been in for the past 14 years.

I bring this up for two reasons, one because this facility is also going to require additional equipment to provide us the posture to meet the educational and quality programming needs in the future; and two, because it is totally privately funded. All of the funds for the $6 million projection are being raised through corporations, through foundations, and through individuals.

And I am pleased to say that at this point we could receive $4 and a half million from these private sources. And to me this means that the need for public television, certainly Iowa Public Television, has well been recognized within our state.

In further support of this, as we just concluded our annual membership on-air campaign, which showed something like a 19 percent increase in overall dollars, a 12 percent increase in per dollar pledge, and I think most important 73 percent of our new pledges were from new members. And that, of course, is a life blood. And this at a time, which I am sure you are familiar with, the Iowa economy is probably under more stress than it has been since the Great Depression.

The service we provide is something we are proud of. We feel we can improve upon it. We have the energy, we have the dedication, we have the creative skills, but we are dependent upon the long range funding of the public television facilities program to make sure that we have the tools to carry out this mission in the future as well as just to protect the significant investment that has already been made. We are very, very appreciative of your support, your Committee's support, and we hope that we may count on that in the future.

Mr. SMITH. That is very interesting and good testimony.

Let's round out the record here. The Administration says that 95 percent of the people have public TV, and "do not worry about the other 5 percent." Are you worrying about the other 5 percent?

Mr. **Carpenter**. We are worried about everybody. We feel that public television programs to the many audiences, not the mass audiences.

Mr. **Smith**. Then they say, that "ones that already have it; they can go it alone." I mean you just talked about how you raised all that money. They say, well, after you are established you do not have to have public money to go ahead with it.

Mr. **Carpenter**. Well, we raised that money for a building to provide these services. And as you and all others who are aware in fund raising know, a building is something that is attention getting——

Mr. **Smith**. Of course the new building out at Johnston, there is about $600,000 federal money in that.

Mr. **Carpenter**. In the public broadcasting building?

Mr. **Smith**. Yes.

Mr. **Carpenter**. Not that I am aware of some.

Mr. **Smith**. $573,000, if I remember right. We will check that out a little later.

Mr. **Carpenter**. I am sorry, I was not aware of that. I could use that.

Mr. **Smith**. That is the next point I get too. Many of the Members around here say "Well, the public television people do not appreciate what we do for them anyway." They think everything comes from the state and private sources.

Mr. **Carpenter**. May I say we certainly do. And as I pointed out, we would not have our transmitters, we would not be going into our counties right now if we had not had this funding.

Mr. **Smith**. This is what we face on this. And we do have, I will say, bipartisan support in both the House and the Senate for continuing public television funding. It is getting very difficult in this budget.

Mr. **Carpenter**. I understand.

Mr. **Smith**. I think your testimony was very good.

Mr. **Carpenter**. I appreciate that.

Mr. **Smith**. Thank you very much.

[Statement follows:]

Testimony

of

Peter Fannon, President

National Association of Public Television Stations

before the

Subcommittee on State, Justice, Commerce, The Judiciary

and Related Agencies

Committee on Appropriations

U.S. House of Representatives

April 8, 1986

Introduction

The National Association of Public Television Stations is pleased to provide testimony in support of a fully funded Public Telecommunications Facilities Program (PTFP), the matching grant program administered by the National Telecommunications and Information Administration (NTIA) within the Department of Commerce.

Our members, the nearly 300 public television stations throughout the country, are extremely grateful for the support of this Subcommittee and particularly of Chairman Smith, both for recognizing the need for this vital program for public television and for appropriating reasonable levels of support to meet that need. Each year's appropriation has provided the leverage that has allowed public television programming to reach families in every state in the country.

Summary of Request

We urge this Subcommittee to continue its strong support for the PTFP program. We recommend that you deny the Administration's request to rescind all but the administrative costs of operating the program in the current fiscal year, leaving the program with $1.2 million to phase itself out. We ask instead that the Committee recommend an appropriation of $28 million for fiscal year 1987, the full amount authorized.

For the last two fiscal years, on the recommendation of this Subcommittee, the Congress has appropriated $24 million for PTFP without an authorization. This year, we come seeking your support with a signed authorization in hand. Public Law 99-272, the Omnibus Budget Reconciliation Act of 1986 contains within its provisions a three-year reauthorization for for PTFP.

The bill was introduced last May by Sen. Barry Goldwater, Chairman of the Senate Communications Subcommittee. The bill received the support of 75 Senate co-sponsors, and then was incorporated with higher funding levels by the Senate Commerce Committee into the Budget reconciliation package. The reauthorization places matching funding levels for PTFP at $24 million for FY1986, $28 million for FY1987, and $32 million for FY1988. These are reductions below earlier measures approved by the House but vetoed by the President.

The reauthorization also repeals the requirement that 75% of PTFP funds be spent on "first service", or new public broadcasting stations or outlets, a change long sought by public television stations, because broadcast coverage is now substantial. Together with long-standing congressional intent on the primacy of the need to attend to aging facilities of existing public broadcasting stations, it ensures that most PTFP funds will go to equipment replacement or enhancement.

PTFP funds for FY1986 were subject to a 4.3% reduction due to the Gramm-Rudman-Hollings budget deficit reduction act (P.L. 99-177), leaving the program with slightly less than $23 million for grants and administration in the current fiscal year. We urge that this Subcommittee make no further cuts in this year's program funds by opposing the pending rescission request. We also urge the Subcommittee to recommend funding the program at the reasonable and responsible level of $28 million for FY1987 contained in the program's reauthorization.

Need for Modest Federal Support Continues

The PTFP program has made possible the growth and development of a viable nationwide public television service available to nearly all. To put that value in more important, human terms, over 97% of the nation's homes and classrooms can now receive a free public television signal. In 1962, only a quarter of the nation's homes could make the same claim. Since the program's inception in 1962, the federal investment of just over $306 million has spurred contributions from individuals, businesses, and state and local governments to build a system whose total replacement value is over $1.5 billion, excluding buildings and land. In terms of looking at PTFP as leverage money, that's one federal dollar for every five local dollars, not including the on-going local operations dollars, which would add even more to the federal leverage.

At the same time, there is widespread understanding that without the linchpin of federal support, vital equipment needs cannot be met. In the case of stations licensed to community organizations -- including many of our major production centers -- signficant cash demands for capital equipment in local budgets can be prohibitive, especially when a station is just beginning or seeks to upgrade to reach new areas or improve its technical quality. Nearly two-thirds of all public television stations are licensed to universities, local school boards, and state governments. In most instances, these stations are prohibited by state law from carrying funds forward from a given year for equipment needs in the future; in other words, many cannot develop a fund to amortize equipment replacement costs over the years as commercial stations do. All too often, they must wait for actual breakdown of the equipment to secure state or institutional support and then seek the federal match to realize the full investment needs.

Investment of Government and Private Funds Must be Preserved

The transmission of a television signal requires much more than the flip of a switch; it involves the smooth co-operation of an immeasurable number of intricate mechanical parts. These parts can break, become outdated, or just plain wear out even with the most painstaking attention to their care and operation. Far too many public television stations are using equipment that has gone far past its useful life. Capital replacement in public television does not begin to keep up with real need -- it is not even close to professional engineering recommendations. Most commercial television stations would not operate with equipment as old and outdated as that used by many public television stations.

Our studies show that it will cost an estimated $185 million per year merely to sustain the present system with updated equipment. In addition, it will cost over $30 million per year to extend first service to those in America who cannot now receive a public television signal of any kind. The total capital needed for fiscal 1987 in constant dollars is $218 million, based on NAPTS' surveys and analyses. (See charts attached.)

This year (FY1986), the list of accepted grant applications for PTFP totals 327 requests for a total of $89.5 million in federal funds, and total project costs of over $124 million. These applications are all backed by local commitments and also don't include a single cent toward standard operating costs, buildings, or land.

The total number of applicants for the current fiscal year's funds is down slightly from last year (407 applications for a total of $124 million). There are several reasons for this dip. Because the repeal of the 75% first service requirement will not affect the PTFP program until next year's grant cycle, the priorities of the program remain skewed toward first service. This, coupled with the fact that many stations with large equipment replacement needs in the next five years are reticent to compete for the limited amount of money available this year for first service applications, has caused a depression in the number of applicants.

With only $21.8 million in total available in grant funds this year, over 75% of this year's applications will not be funded, and many are likely to be carried into next year as proposals for FY1987 funds. In addition, since many of our stations came on the air at the same time, their major transmission equipment replacement needs are expected to rise steadily for the next several years, peaking in FY1992.

Based on the fact that over 95% of the nation's homes currently receive a public television signal, some have concluded that the PTFP program is no longer necessary. Obviously, just the opposite is true. We need to complete the system, but moreover, we need to preserve the past years' investment and keep our current system operating as efficiently as possible. We must recognize that in the not-for-profit world these extraordinary costs cannot be met in every community by local resources alone.

First Service Expansion Remains a Priority

The nation's citizens who support public broadcasting through their taxes but still cannot receive a clear public television signal should remain the PTFP program's highest priority.

There are still sizeable areas of the country which cannot receive an acceptable public television signal or any service at all. In the last few years, public television has reached into many of the previously unserved areas in the West -- particularly Wyoming, Montana, and Nevada -- there are still pockets of unserved or underserved households across the country.

Applications for new stations are pending in this year's PTFP grant cycle for such areas as Kodiak Island, Alaska, the Okeechobee area in Florida, northwestern Kansas, the northern panhandle of Texas, central Virginia, and many areas of Montana. Many of our stations are hoping to expand their current signal coverage into unserved pockets, but more urgent equipment needs must be met before any expansion can be implemented.

In Arkansas, for example, the state-licensed Arkansas Network leaves unserved some of the western part of the state, as well as its southeast corner. Last year, the Network received $467,250 from PTFP toward replacing sadly outdated studio gear. This year, they are seeking funds to replace a twenty-year-old transmitter and antenna -- a project that carries a total price tag of $856,917. Once the transmitter is replaced with one that is remote controlled and more modern, attention can be focused on the addition of a sixth translator that will extend the Network's service to the southeastern area of the state. Likewise, new equipment could provide vital educational service to the western portion of the state.

Age, Overuse, and Maintenance Costs Handicap Efficiency

In order merely to deliver a signal to the public, a television station relies on basic equipment -- a satellite dish antenna to receive programming, and a transmitter, tower, antenna and related equipment to transmit it. A transmitter's useful life is only 15 years; over 50 of our stations' are over 20 years old, almost 200 are over 15 years old, and over 200 are over 10.

The state-licensed Kentucky Educational Television Network has 15 transmitters -- the largest number of broadcast television transmitters licensed to any entity, commercial or public, in the nation. Thirteen of the transmitter towers were erected in 1968, and at least five of those are located in areas with an extraordinarily high level of corrosives in the air. The towers, antennae, and guide wires in these areas have already begun to show signs of accelerated deterioration. Within the next few years, KET will be forced to begin systematic replacement of its towers and equipment in order to meet FCC regulations. The transmission line in Lexington shorted out in thelast week of February -- just before Spring pledge week -- and there is no telling when it can be repaired, due to lack of available capital. The repairs will cost $100,000, and valuable pledge time and dollars have been lost as well.

In the current fiscal year, KET is applying for PTFP funds to replace severely overused studio equipment -- outdated 2-inch videotape machines that are extremely expensive to operate or repair, and studio camera and switching gear. KET's tape equipment is in almost constant use. The statewide network provides 6-8 hours daily of in-school program, as well as a televised GED high school equivalency degree program. Much of the network's equipment is much more expensive to operate than to replace, but with state government cutbacks preventing any new capital expenditures, PTFP is the network's only hope.

Many of our stations came on the air with secondhand equipment from commercial stations; others continue to operate with aging original equipment for which replacement parts are no longer available. In Iowa, the state-licensed public television network is working toward replacing studio tape equipment. Last year, they received a $147,000 PTFP grant to help purchase new tape machines and companion editing equipment, and are seeking more PTFP support this year for additional vital tape equipment. The Network currently operates with a seventeen-year-old General Electric transmitter for which no replacement parts are available. PTFP funds will be critical for its replacement very soon.

For the stations within our system who produce large amounts of programs for the national program schedule, studio equipment needs are vital not only to their own viewers, but to public television's national audience. WGBH/Boston has submitted an application to PTFP this year for $752,775 for a comprehensive routing and switching system to replace one that continually fails and is headed for final collapse. Because the station operates two channels, produces both local and national programming, and is a leader in such other telecommunications fields as captioning, descriptive broadcast for the blind, and ITFS (Instructional Fixed Television Service), the demands for interconnection are great and have been severely overtaxed. Failures in electronic routing can jeopardize any one of these valuable broadcast products.

Another of our major producing stations, WNET/New York/Newark, is seeking PTFP funds this year for studio equipment vital to its national and local program production. Two of WNET's studio cameras are nine years old; three are eleven. Replacement parts are no longer available for them, and they must be replaced soon. WNET is also seeking funds for the purchase of new character generator for editing purposes. This past year, outages in the master control unit caused the loss of the station's identification characters and the station's phone number during pledge drives, as well as the schedule times for future programs.

Another point worth mentioning in support of the PTFP program is that nearly two-thirds of our public television stations operate in the UHF band -- Channels 14-69. Not only is reception of a quality signal difficult for half of the country's homes from UHF stations, but it is an extremely expensive signal to operate. The FCC has reported that it costs nearly four times as much to operate equivalent signals on UHF as on VHF.

Although recent technological advances in UHF equipment design have made a big difference, most UHF stations cannot afford to buy the five million watt transmitter required to provide a clear UHF signal, nor could they ever afford the power bill! If initial investments from PTFP can be secured, "snow" and haze can be cleared, and energy and equipment costs can be lowered.

Conclusion

The challenge of the federal government to bring quality public television programming to unserved or underserved areas of the country and the people of all ages who live there remains unmet. And, many stations delivering programming have equipment that is living on borrowed time.

Since 1962, public television stations across the country have proven time and again their success at matching the federal government's commitment of funds for their equipment needs with local dollars. Their purchases of equipment have come after years of costly maintenance, embarassing outages, and years of planning.

Within the non-profit world, capital formation is extremely difficult and television equipment costs are more than substantial. The challenge of the PTFP's matching grants is very productive, and the program is extremely well-administered.

Preservation of the equipment that for years has brought home Sesame Street, American Playhouse, MacNeil-Lehrer Newshour, and the National Geographic Specials to American audiences young and old should be a priority. We thank this Subcommittee for its support of the PTFP program over the past several years and hope that it continues.

We believe that the $28 million authorized by the Congress this year for the PTFP program is strongly needed.

Thank you.

NAPTS
2/5/86

SUMMARY OF PROJECTIONS
REPLACEMENT COSTS & COSTS OF NEW FACILITIES
PUBLIC TELEVISION FIELD SYSTEM
1985 - 1994
(IN THOUSANDS)

	FY85	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY93	FY94
IN CURRENT DOLLARS:										
REPLACEMENT COSTS:										
EXISTING SYSTEM @ 12/31/85	148,164	148,164	148,164	148,164	148,164	148,164	148,164	148,164	148,164	148,164
PROJECTED FOR FY86 - FY94	0	2,761	5,924	7,513	8,943	10,194	10,548	10,856	9,566	7,524
SUB-TOTAL REPLACEMENT COSTS	148,164	150,925	154,088	155,677	157,107	158,358	158,712	159,020	157,730	155,688
PLUS ORIGINAL COST OF NEW FACILITIES PROJECTED FOR FY85 - FY94	0	26,384	27,548	15,920	14,300	11,744	4,990	4,820	2,310	2,250
TOTAL FACILITIES NEEDS IN CURRENT DOLLARS	148,164	177,309	181,636	171,597	171,407	170,102	163,702	163,840	160,040	157,938
IN CONSTANT DOLLARS:										
REPLACEMENT COSTS:										
EXISTING SYSTEM @ 12/31/85	162,417	170,374	178,552	187,131	196,110	205,918	216,201	227,017	238,366	250,279
PROJECTED FOR FY86 - FY94	0	3,175	7,139	9,489	11,837	14,168	15,382	16,634	15,390	12,710
SUB-TOTAL REPLACEMENT COSTS	162,417	173,549	185,691	196,620	207,947	220,086	231,583	243,650	253,756	262,989
PLUS ORIGINAL COST OF NEW FACILITIES PROJECTED FOR FY85 - FY94	0	30,339	33,189	20,107	18,927	16,322	7,291	7,079	3,716	3,801
TOTAL FACILITIES NEEDS IN CONSTANT DOLLARS	162,417	203,888	218,880	216,727	226,874	236,408	238,874	250,729	257,472	266,789

Sources: Economic factors - Congressional Budget Office
System valuation - PBS Engineering Committee,
1983 equipment prices indexed forward

WEDNESDAY, APRIL 9, 1986.

NOAA PROGRAMS

WITNESSES

HONORABLE NORM DICKS, A REPRESENTATIVE FROM THE STATE OF WASHINGTON

HONORABLE SID MORRISON, A REPRESENTATIVE FROM THE STATE OF WASHINGTON

Mr. SMITH. Mr. Dicks, and other Members.

Mr. DICKS. Congressman Morrison.

Thank you, Mr. Chairman, for allowing us to testify. I am going to try to get right to the point.

This Committee over the last several years has done a heroic job in protecting fisheries money in the Pacific Northwest. That is why we are here today.

We obviously still have serious economic problems in the Northwest, as you do in Iowa, as we heard from the previous witness. And it is because of this Federal obligation that our delegations are so uniformly opposed to elimination of the Mitchell Act hatchery program or transfer of its cost to the region.

Pacific Northwest rate payers are already contributing millions of dollars annually to fish passage facilities to the Bonnevile Power Administration rates. The Mitchell Act program was intended to work hand in hand with the funds raised by the region. We were never expected to carry the entire load alone.

This Administration has made continued efforts to eliminate or transfer or ignore the Federal responsibilities to the region for mitigation.

Last year this Subcommittee appropriated 8.254 million for the Columbia River hatcheries. The Administration would eliminate that funding this year. And I would strongly urge the Committee to restore it. This restoration would merely continue current services, it would not take into account inflation or increased cost.

Mr. Chairman, as you know from looking at the budget request, it would again mean a loss of virtually all funding for NOAA programs operated in Washington State. This includes such important programs as regional ocean pollution studies, habitat and resource surveys, agricultural R&D, habitat evaluations and conservation, research in salmon, shellfish, marine mammals and endangered species, regional fisheries management councils, ocean service delivery programs, Coastal Zone management funds, and Sea Grant projects.

Out of the 1.37 billion appropriated last year for the NOAA operations research and facilities account, only 826.5 million was actually requested, a reduction of 26 percent. This reduction includes a cut of 40 percent for fisheries from 162 million to 100 million, over a 50 percent reduction in ocean and coastal programs, elimination of the Sea Grant program which was appropriated 39 million in FY-86 appropriation, elimination of coastal zone grants including the very important interstate coordination funds, elimination of vessel buy-back which received 1.25 million last year, elimination of commercial fisheries grant for a loss of 4.25 million and 35 percent reduction in anadromous fish grants.

In addition, as you well know, Mr. Chairman, this agency has continually been required to absorb the cost of inflation over the years. I understand that NOAA fisheries funding from FY-81 to '86 has lagged 217 million behind inflation, which means that the agency has already lost 11 percent of its annual spending power since 1981 before even considering this latest round of reductions.

The programs I have outlined are not merely a parochial interest I might add. For example, some of the research that is conducted at the Sand Point Lab involves the effects of pollution on groundfish and shellfish. This type of information can be used anywhere in this country where there is polluted water, and should rightfully be expanded to include other types of fish such as salmon rather than being eliminated.

The last two items I would like to mention involve the Ocean Service Delivery program and U.S.-Canada Salmon Treaty.

As you well know, Mr. Chairman, we discovered last year that the Ocean Service Center at Sand Point was actually too much of a good thing. It was so effective at providing NOAA materials and products to the public that everyone in the country wanted one. And NOAA did not feel it could afford the expansion. Well, we compromised and we will keep the Seattle Center open under a different name for a few years to provide data on exactly how effective it is.

I believe this was an acceptable compromise. And I expect Seattle Ocean Services Delivery program to continue at existing funding levels through this period.

The second issue involves the very important Salmon Treaty between our country and the Canadians. Mr. Chairman, this Administration placed a great deal of importance on this treaty. And it is currently attempting to improve relations with our largest trading partner. Administration appointees are representing the United States as Commissioners, and are attempting to implement the treaty as effectively as possible. Yet the Administration has again second-guessed their budget request and asked for a different allocation of funding than the Commission priorities.

I understand that members of the Commission will be testifying before this Committee in a couple of weeks. I would strongly urge you to carefully consider their request.

In conclusion, Mr. Chairman, I am basically requesting that this Subcommittee provide at least the FY-86 funding levels to NOAA fisheries programs so that the important work that they do can continue. While we are certainly sensitive to the need to reduce the Federal deficit, we question the wisdom of gouging essential federal programs in order to achieve this reduction. This is particularly true in programs such as these where drastic reductions will necessarily result in increased social costs as employment goes up, far exceeding any short-term benefit to the Treasury.

Again, I want to say we have in the Northwest appreciated your great leadership and help during the last several years on the fisheries questions. I know you have learned a lot more about salmon than you really wanted to know——

Mr. SMITH. I did not know there were that many kinds of salmon.

Mr. DICKS. Congressman Morrison.

Mr. MORRISON. I would like to ask that a statement from representative John Miller be made a part of the record. And I will not repeat any of the detail of Congressman Dicks's testimony.

I would like to add though that there is no question some of the origination programs, hatcheries, were there to mitigate the effects of Federal water projects. But I do not think you will find any of us in the Pacific Northwest delegation that would deny that the power uses of the Northwest should help pay for mitigation efforts, but they should not have to pay for all of it.

Because of the Canadian treaties that Norm Dicks has mentioned, we give Indian tribes 50 percent of the salmon, go on the Indians. And I would like to report a little differently this year than in the past, that we are now under the 1987 Administration, rate payers will be contributing $44 million for the fish and wildlife programs. So this has been a gradual escalation and improvement.

I am also pleased to report, for instance at McNara Damn, which is between my district and the great state of Oregon, which we are up to 200,000 climbing the ladder in '85, three times that in past years. So this is a successful program.

Now, to eliminate Federal support for maintaining these hatcheries I think is short-sighted because of the Federal commitment which must remain.

I might also add this is further complicated in the Northwest by the Administration's proposal to sell the entity which is increasingly picking up the tab for mitigation, which is now to go on the auction block. We think this is very short-sighted as well.

Mr. DICKS. Very short-sighted.

Mr. MORRISON. We do not think it will actually happen, but it throws a curve in what we shall bring before you again.

Let me add my voice and appreciation in the Subcommittee's support for these requests from us on a unified basis.

[Statement follows:]

STATEMENT OF CONGRESSMAN SID MORRISON ON THE PROPOSED BUDGET FOR THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION BEFORE THE SUBCOMMITTEE ON STATE, JUSTICE, COMMERCE, JUDICIARY OF THE HOUSE APPROPRIATIONS COMMITTEE

APRIL 9, 1986

Mr. Chairman, I first want to thank you for the opportunity to appear before the subcommittee today with my colleagues from the Pacific Northwest. Although I realize that this appearance threatens to replace the cherry blossoms and the robin as the first signs of spring, the proposed reduction in the funding for the National Oceanic and Atmospheric Administration (NOAA) in fiscal year 1987 and its impact on the fishery programs of importance to the Pacific Northwest cannot be allowed to go unchallenged.

My major concern regarding the reduction in the NOAA budget is the proposed elimination of the Columbia River Hatcheries program, which is designed to mitigate the effects of federal water projects on the fishery resource. As you are well aware, the Administration continues to take the position that those who benefit from the power produced by the Bonneville Power Administration should bear the cost of mitigating the impact of the hydroelectric dams on the Columbia River fishery resource. I don't believe that you will find anyone among the Pacific Northwest delegation who would deny that the power users of the Northwest should help pay for mitigation efforts. What the Administration apparently fails to recognize, however, is that the federal government also has an obligation to share in the cost of mitigation measures due to the United States' treaty commitments to Canada and the Indian tribes along the Columbia River.

Although the Administration has proposed to transfer responsibility for the Columbia River Hatcheries program to BPA for the past three years, the fact is that neither the House or Senate has ever acted on this proposal. The Administration's proposal is further complicated this year by the fact that the Administration has now proposed to sell BPA to the private sector. Even assuming that Congress will eventually act, it is unlikely that it could act in time to prevent the closing of the hatcheries in FY 1987. Given the fact that it takes five years for fish released from a hatchery to return to spawn, the loss of these hatcheries now would inflict long-term damage on efforts to restore the fishery resource.

Again, I would stress that the people of the Pacific Northwest have not ignored their duty to help in the cost of mitigating the effects of the hydroelectric dams on the Columbia River. In my district, work continues on a series of fish passage improvements aimed at increasing fishery runs and the Northwest Power Planning Council continues to refine its fish and wildlife program for the Columbia River Basin. It is estimated that the annual amount provided by BPA ratepayers for the fish and wildlife program will reach $44 million in 1987. I am also pleased to report that these efforts have contributed greatly to the increase of the salmon and steelhead runs on the river. At McNary Dam, for example, 206,614 fall chinook climbed the fish ladders in 1985, which is approximately three times the average fish run for the past ten years.

In addition to the Columbia Hatcheries program, I would like to also express my support for the other programs that have been addressed by my colleagues on the panel. I am particularly concerned with the proposed recission of funds for the Sea Grant and the coastal zone management programs. I would also ask that you carefully consider the budget request submitted by the Pacific Salmon Commission regarding the proper funding level needed for the United States to meet its obligations under the U.S.-Canada Treaty.

I appreciate the subcommittee's past efforts on behalf of the programs outlined by the delegation today and I ask for your continued assistance.

STATEMENT BY REPRESENTATIVE JOHN MILLER
(R-WA-1)

Thank you Mr. Chairman for the opportunity to speak in support of the many activities of the National Oceanic and Atmospheric Administration which benefit the maritime communities in the Pacific Northwest.

I have just returned from two weeks in my district and I would like to pass along two messages which I are relevant to this mornings hearing. First, as we all know, the federal deficit needs to be brought under control. We need to look at each program carefully and where possible trim the deficit. I have heard over and over again at town meetings across my district that the deficit remains our number one problem. Second, the fishing and marine related businesses which benefit from the programs you are examining today are very important to the local economy. They return many times the their costs in tax dollars to the federal, state and local treasuries and most, importantly, they create many jobs. Fishing alone creates about 16,000 direct jobs in the State of Washington. The fisheries processing industries add another 9,000 direct jobs. Support services and indirect jobs add more to our state's economy.

The reason I am linking the two issues is very simple and direct -- the jobs which these programs we are talking about add to the economy are in turn contributing to the current economic recovery. The fishermen and deckhands, along with the men and women who work in the processing industry are paying taxes and contributing to our society. The many N.O.A.A. programs we are speaking about are helping my constituents and our nation.

One needs only look at the health and vitality of the North Pacific fishing industry. Where once there were vacant waters occasionally fished by foreign vessels, today more and more American boats with crew members from our country are harvesting salmon, crab, pollack and other species each season worth billions of dollars.

Mr. Chairman, if times were different, I would urge this subcommittee to and the Merchant Marine and Fisheries Committee, on which I serve, to consider expanding funding for several fishery programs, including marketability studies, Sea Grant, species assessments, fishing vessel safety programs and the like. However, as I have just said, times require that we carefully consider each dollar that is requested. I am not in favor of any major additions to these programs at this time. Still, N.O.A.A. is important to industry, education and science. So, I am asking that you not diminish these programs either. Mr. Chairman, as I said, I would like to be able to ask for more funds and new programs, but this morning, I must instead ask that the programs under consideration today be frozen at F.Y. 86 levels.

REMARKS OF

REP. NORM DICKS, M.C.

HOUSE APPROPRIATIONS SUBCOMMITTEE

STATE, JUSTICE, COMMERCE

APRIL 9, 1986

Mr. Chairman,

I would like to offer my special thanks for the time that you have given our delegation for yet another year, and for the consideration that you have given to our concerns about NOAA programs in past years.

Mr. Chairman, I wish we could be here today in order to compliment the Administration for its sensitivity toward Northwest economic concerns, but unfortunately, this is not the case. Once more, the Administration has proposed to the Congress a budget which would decimate Northwest fisheries programs, and create havoc in our fragile economy.

As you know, our part of the country continues to lag behind the rest of the nation in experiencing an economic recovery. Our major industries, fishing, timber, and aluminum are still very unstable, with unemployment rates which still range as high as

30% in some counties. Fishing in particular is more than just an industry, in the Northwest it is a way of life for a large segment of our population. The fishing industry includes a lot of different people, sportsfishermen, trollers, gillnetters, Indians, as well as supporting industry such as canners and processors. All of these people are dependent upon the continued viability of the fishing industry for their livelihood and their way of life.

Years ago, before hydro development blocked our streams so fish could not return to spawn, there were enough salmon to maintain a viable industry. The system of hydro projects, particularly along the Columbia, was tremendously damaging to the resource. At the time of construction, the federal government acknowledged an obligation to mitigate for some of the effects of hydro development and the system of Mitchell Act hatcheries was born. This agreement would benefit the Northwest, as it replaced fish lost to the dams, as well as the Nation, which considered it a small price to pay for our region's reduced demand for oil and gas during a time of short supply. The hatchery system is only beginning to compensate for our fisheries losses.

It is because of this federal obligation that our delegations are so uniformly opposed to elimination of the Mitchell Act hatchery program, or transfer of its costs to the

Region. Pacific Northwest ratepayers are already contributing millions of dollars annually to fish passage facilities through the Bonneville Power Administration's rates. The Mitchell Act program was intended to work hand-in-hand with the funds raised by the region -- we were never expected to carry the entire load alone.

This Administration has made continued efforts to eliminate or transfer Mitchell Act hatchery funding, ignoring the federal responsibility to the Region for mitigation. Last year, this Subcommittee appropriated $8.254 million for the Columbia River hatcheries. The administration would eliminate that funding this year, and I would strongly urge the Committee to restore it. This restoration would merely continue current services, it would not take into account inflation or increased costs.

Mr. Chairman, as you know from looking at the budget request, it would again mean a loss of virtually all funding for NOAA programs operated in Washington State. This includes such important programs as regional ocean pollution studies, habitat and resource surveys, aquaculture R & D, habitat evaluations and conservation, research in salmon, shellfish, marine mammals and endangered species, the regional fisheries management councils, ocean services delivery program, Coastal Zone management funds, and Sea Grant projects.

Out of the $1.137 billion appropriated last year for the NOAA Operations, Research and Facilities account, only $836.5 million is actually requested, a reduction of 26%. This reduction includes a cut of 40% for fisheries, from $162 million to $100 million; over a 50% reduction in Oceans and Coastal programs; elimination of the Sea Grant program which was appropriated $39 million in FY '86 and rescission of all but $8 million of the '86 appropriation; elimination of Coastal Zone grants, including the very important interstate coordination funds; elimination of vessel buy-back, which received $1.25 million last year; elimination of commercial fisheries grants, for a loss of $4.25 million; and a 35% reduction in anadromous fish grants.

In addition, as you well know Mr. Chairman, this agency has continually been required to absorb the costs of inflation over the years. I understand that NOAA fisheries funding from FY '81 to FY '86 has lagged $217 million behind inflation, which means that the agency has already lost 11% of its annual spending power since 1981 before even considering this last round of reductions. The programs I have outlined are not merely of parochial interest, I might add. For example, some of the research that is conducted at the Sand Point Laboratory involves the effects of pollution on groundfish and shellfish. This type of information can be used anywhere in this country where there is polluted water, and should rightfully be expanded to include other types of fish such as salmon rather than being eliminated.

The last two items I would like to mention involve the Ocean Service Delivery program and the U.S.-Canada Salmon Treaty. As you well know, Mr. Chairman, we discovered last year that the Ocean Services Center at Sand Point was actually too much of a good thing. It was so effective at providing NOAA materials and products to the public that everyone in the country wanted one, and NOAA didn't feel it could afford the expansion. Well, we compromised, and we will keep the Seattle Center open, under a different name, for a few years to provide data on exactly how effective it is. I believe this was an acceptable compromise, and I expect the Seattle Ocean Services Delivery program to continue at existing funding levels through this period.

The second issue involves the Salmon Treaty between our country and Canada. Mr. Chairman, this Administration placed a great deal of importance on this treaty, and is currently attempting to improve relations with our largest trading partner. Administration appointees are representing the United States as Commissioners, and are attempting to implement the treaty as effectively as possible. Yet the Administration has again second-guessed their budget request, and has asked for a different allocation of funding than the Commission priorities.

I understand that members of the Commission will be testifying before this Committee in a couple of weeks. I would strongly urge you to give careful consideration to their request, and to provide them with the funds they believe are needed to carry out their mandate.

In conclusion, Mr. Chairman, I am basically requesting that this Subcommittee provide at least FY 1986 funding levels to NOAA fisheries programs so that the important work they do can continue. While we are certainly sensitive to the need to reduce the federal deficit, we question the wisdom of gouging essential federal programs in order to achieve this reduction. This is particularly true in programs such as these, where drastic reductions will necessarily result in increased social costs as unemployment goes up, far exceeding any short-term benefit to the Treasury.

Thank you again for your consideration.

TESTIMONY OF CONGRESSMAN LES AUCOIN
STATE/JUSTICE/COMMERCE SUBCOMMITTEE
APRIL 9, 1986

CHAIRMAN SMITH, MEMBERS OF THE COMMITTEE:

I KNOW THAT SPRING HAS ARRIVED WHEN IT'S TIME FOR ME TO COME HERE, ONCE AGAIN, AND ASK YOU TO SAY "NO" TO PRESIDENT REAGAN'S PROPOSALS FOR DEEP CUTS IN FISHERIES RESEARCH AND DEVELOPMENT.

IN AN INSTANT REPLAY OF LAST YEAR, AND EVERY YEAR SINCE 1981, THE ADMINISTRATION IS ASKING FOR DEEP CUTS IN NOAA FISHERY PROGRAMS -- A 30% REDUCTION FROM 1986.

IF ENACTED, THESE CUTS WOULD BE AN UNMITIGATED DISASTER FOR THE U.S. FISHING INDUSTRY. AN INDUSTRY, GOD KNOWS, THAT DOESN'T NEED ANY MORE PROBLEMS.

THE EFFORTS AND FRUSTRATIONS OF COASTAL COMMUNITIES IN MY DISTRICT IN OREGON PROVIDE A GOOD EXAMPLE OF THE ECONOMIC PRESSURES FACING U.S. FISHERMEN AND PROCESSORS.

THE EL NINO WARM WATER PHENOMENON OF 1983 DEVASTATED THE FISHING INDUSTRY ALONG THE WEST COAST. THE EFFECTS WERE SO SEVERE THAT CERTAIN COUNTIES IN OREGON WERE DESIGNATED DISASTER AREAS.

AN IMPROVED 1985 FISHING SEASON HOLDS OUT HOPE OF RECOVERY. THOUGH OVERALL NUMBERS ARE STILL WELL BELOW HISTORIC HIGHS, WITH THE EXCEPTION OF COHO, CATCH TOTALS WERE UP LAST YEAR FOR ALMOST EVERY SPECIES.

THERE'S STILL A LONG WAY TO GO. UNEMPLOYMENT ON THE OREGON COAST AVERAGES OVER 10%, WELL ABOVE THE NATIONAL RATE.

OREGON'S COASTAL COMMUNITIES ARE WORKING TO HELP THEMSELVES, RECRUITING NEW INDUSTRIES AND USING NEW STRATEGIES TO ENCOURAGE TOURISM.

BUT IF YOU CAN'T PREDICT THE LENGTH OF A FISHING SEASON, YOU CAN'T ADVERTISE THAT YOU'RE OPEN FOR BUSINESS. AND THAT'S EXACTLY WHAT WILL HAPPEN IF CONGRESS CUTS FISHERY RESEARCH FUNDS.

FEWER FEDERAL DOLLARS MEAN LESS HARD EVIDENCE ABOUT FISHERIES, FORCING BIOLOGISTS TO MAKE CONSERVATIVE SPAWNING AND ESCAPEMENT ESTIMATES. THAT, IN TURN, FORCES MANAGEMENT COUNCILS TO SET SHORTER OR TENTATIVE FISHING SEASONS. THEY HAVE NO CHOICE.

WHERE DOES THAT LEAVE OREGON FISHERMEN? THE OREGON DEPARTMENT OF FISH AND WILDLIFE ESTIMATES THAT THE AVERAGE IMPACT ON PERSONAL INCOME PER DAY FOR A CHARTERBOAT OPERATOR IS OVER $60. THE AVERAGE IMPACT ON PERSONAL INCOME FOR A COMMERCIAL SALMON FISHERMAN GOING AFTER CHINOOK IS NEARLY $50.

TO KEEP UNITED STATES FISHERMEN FROM LOSING INCOME, CONGRESS HAS GOT TO PROTECT BASIC FISHERIES RESEARCH PROGRAMS.

SPECIFICALLY, I ASK THAT YOU REJECT THE ADMINISTRATION NUMBERS FOR

RESOURCE SURVEYS, WEST COAST GROUNDFISH RESEARCH, COASTAL ZONE MANAGEMENT, ANADROMOUS FISH CONSERVATION GRANTS, COMMERCIAL FISHERIES RESEARCH AND DEVELOPMENT, SEA GRANT AND FISHERY MANAGEMENT COUNCILS.

KEEPING RESEARCH INTACT IS VITALLY IMPORTANT. BUT IF CONGRESS IS GOING TO SPUR ECONOMIC DEVELOPMENT ON OREGON'S COAST, AND AROUND THE UNITED STATES, WE HAVE TO STOP THE ADMINISTRATION ON A COUPLE OTHER FRONTS.

I ASK THAT YOU, ONCE AGAIN, RESIST ADMINISTRATION PLEAS TO TRANSFER THE COLUMBIA RIVER HATCHERIES FROM NMFS. FOR THE PAST FIVE YEARS, THE WHITE HOUSE HAS TRIED TO FORCE BPA TO ASSUME RESPONSIBILITY FOR THESE HATCHERIES.

WELL, CONGRESS DIDN'T CREATE BONNEVILLE TO REAR FISH. THOUGH THE AGENCY HAS RESPONSIBILITY FOR SOME FISHERIES MITIGATION, BONNEVILLE'S REASON FOR BEING IS TO MARKET POWER. WHILE MOVING THE HATCHERIES TO BONNEVILLE MAY APPEAR TO SAVE SOME MONEY, IT WILL NEEDLESSLY COMPLICATE EFFICIENT MANAGEMENT AND OPERATION OF BPA -- AND MAY HAVE THE UNINTENDED EFFECT OF UNDERMINING FEDERAL ATTEMPTS TO INCREASE THE NUMBER OF FISH IN THE COLUMBIA.

WHAT'S MORE, EVEN IF THE COLUMBIA HATCHERIES ARE TRANSFERRED, THE ADMINISTRATION BUDGET CONTAINS NO FUNDS TO PREVENT A GAP IN FUNDING -- AND OPERATION.

WHITE HOUSE BUDGETEERS ARE ALSO SUGGESTING THAT CONGRESS USE SALTONSTALL-KENNEDY(SK) FUNDS TO UNDERWRITE NOAA. ALEADY THE BULK OF SK

MONIES ARE USED TO OFFSET NOAA FISHERY PROGRAMS, WITH ONLY $8 MILLION GOING TO FISHERIES DEVELOPMENT AND MARKETING.

IN OREGON, PROCESSORS, RESTAURANTS, WHOLESALERS AND FISHERMEN HAVE ALL BENEFITTED FROM SALTONSTALL-KENNEDY RESEARCH INTO MARKET DEVELOPMENT OF SPECIES SUCH AS SQUID, NEW TECHNIQUES FOR HARVESTING AND PROCESSING PACIFIC WHITING AND PROMOTION OF OREGON CRAWFISH.

SALTONSTALL-KENNEDY IS PARTICULARLY IMPORTANT FOR DEVELOPMENT OF UNDERUTILIZED SPECIES SUCH AS PACIFIC WHITING. WITH A LITTLE MORE WORK, WHITING COULD BE A POTENTIAL GOLDMINE FOR OREGON -- RELIEVING PRESSURE ON OTHER DEPLETED SPECIES.

FINALLY, I'M PLEASED TO SEE THAT THE ADMINISTRATION HAS REQUESTED ALMOST ENOUGH FUNDS TO IMPLEMENT THE U.S.-CANADA SALMON INTERCEPTION TREATY.

THE TREATY IS ONE OF THE BEST THINGS TO HAPPEN TO THE WEST COAST FISHERIES IN THE LAST DECADE. IF GIVEN THE SUPPORT IT NEEDS, THE TREATY WILL BRING CONCRETE RESULTS -- MORE FISH -- IN THE NEAR FUTURE.

I URGE YOU TO FUND THE TREATY AT A LEVEL AS CLOSE AS POSSIBLE TO THE FISCAL YEAR 1986 TOTAL OF $13 MILLION.

THE TREATY PROTECTS MANY -- THOUGH NOT ALL -- IMPORTANT AREAS OF RESEARCH INTO ANADROMOUS FISH. THERE'S NO QUESTION THIS RESEARCH IS VITALLY IMPORTANT. BUT THE ADMINISTRATION BUDGET WOULD HAVE US FUND THE TREATY BY CUTTING RESEARCH AND DEVELOPMENT PROGRAMS FOR GROUNDFISH. CONGRESS SHOULDN'T GO ALONG THIS PLAN. BY SETTING CAREFUL PRIORITIES, WE CAN FUND BOTH.

ONE FINAL NOTE. THE MARINE MAMMAL PROTECTION ACT GIVES STATES THE AUTHORITY TO "TAKE BACK" MANAGEMENT OF MARINE MAMMALS WITHIN THEIR BOUNDARIES. THE OREGON DEPARTMENT OF FISH AND WILDLIFE, CAPPING OFF THREE YEARS OF RESEARCH, MAY SOON SUBMIT A PROPOSAL FOR CONTROL OF THE NORTH COAST SEA LION.

WHILE THE MARINE MAMMAL ACT AUTHORIZES A MATCHING PROGRAM TO HELP MEET THE COSTS OF STATE MANAGEMENT, NO FUNDS FOR THIS PROGRAM HAVE EVER BEEN APPROPRIATED. THOUGH THIS WOULD BE A NEW COST UP FRONT, IN THE LONG RUN STATE MANAGEMENT OF MARINE MAMMALS SHOULD SAVE THE FEDERAL GOVERNMENT MONEY. I WOULD HOPE THAT THE FISCAL YEAR 1987 MARINE MAMMAL APPROPRIATION WILL PROVIDE ENOUGH FLEXIBILITY SO THAT, IF OREGON IS SUCCESSFUL, FUNDING WILL BE AVAILABLE.

I KNOW THE CONSTRAINTS OF GRAMM-RUDMAN ARE PUTTING A LOT OF PRESSURE ON THE SUBCOMMITTEE THIS YEAR. BUT NO MATTER HOW YOU READ IT, GRAMM-RUDMAN DOESN'T MANDATE A 30% CUT IN FISHERY PROGRAMS.

IN PAST YEARS MR. CHAIRMAN, YOU'VE SHOWN A UNIQUE UNDERSTANDING OF THE NEEDS OF THE UNITED STATES FISHING INDUSTRY. I APPRECIATE YOUR EFFORTS. I'D URGE YOU TO LOOK CAREFULLY AT THE BUDGET AGAIN THIS YEAR, AND REJECT CUTS IN PROGRAMS THAT REPRESENT AN ECONOMIC INVESTMENT IN THE UNITED STATES FISHING INDUSTRY.

Mr. **Smith**. Thank you very much. We try to understand your problems. I hope we can take care of them. It is difficult in this budget.

Mr. **Dicks**. We understand, Mr. Chairman.

Mr. **Smith**. Thank you very much.

Wednesday, April 9, 1986.

U.N. FUNDING

WITNESS

HONORABLE STANFORD PARRIS, A REPRESENTATIVE FROM THE STATE OF VIRGINIA

Mr. **Smith**. Stan Parris.

Mr. **Parris**. Thank you, Mr. Chairman.

After that fishy story you just heard, let me be very brief in my comments. I would ask that my entire statement be inserted in the record. And I am here, Mr. Chairman—and I will summarize very quickly. We have a number of things and I have another meeting I have to get to. And you know how this place operates.

I am here to respectfully suggest, Mr. Chairman, that this Subcommittee and the Appropriations Committee consider reducing the United States contribution to the United Nations in a significant way. Just to run through the numbers very quickly, the contribution of $1.6 billion this year for United Nations operations, so-called non-voluntary part, the United States provides 25 percent of that, or roughly 400 million, the Soviet Union 10 percent of that, or 168 million.

The relative obligations for those operations are clear on its face. We play a very important part in the United Nations and have and should. I am not suggesting we withdraw from the United Nations.

But very quickly, let me carry you through the August 1985 report of the General Assembly which shows of the roughly 1.6 billion that was received last year by the United Nations, 134.7 million, or 8.3, was received from the Soviet Union, we provided $475 million, 28 percent, almost four times the amount furnished by the Soviet Union.

The same report shows that Soviet Union contributed only 1 half of one percent of the total 2.1 billion received in the voluntary contributions while the United States contributed almost 25 percent again of that, a substantial margin of difference obviously, one half of one percent versus 25 percent of that fund.

The statistics are replete with examples of that kind. I just think it is in these times of fiscal responsibility, critical budgetary considerations, et cetera, aside from the political implications, dealing politically around the world, we have got I think a situation that needs some attention.

The question is often asked who decides where the money goes? Well, 143 of the 159 member nations of the United Nations, or 90 percent of the membership, pay less than 1 percent share of the total budget. 90 percent of the nations represented pay 1 percent.

The balance of it, more than half of those 143, contribute one hundreth of one percent per nation, a hundreth of one percent.

There is no emphasis, there is no motivation for these nations to control the budget. The budgetary control must be asserted here at this level in the Congress or it will not be attributed at all.

The question of how do we spend the money? We have 16 of 159 votes or 10 percent of the total Vote in terms of the budgetary allowances of the money that are received. We have no real effective control of any kind. The non-aligned nations voted with the Soviet Union 86.2 percent of the time in the United Nations. Clearly we cannot look for their help in this regard.

I will terminate my testimony to you this morning, Neil, by simply saying that I think we should dramatically reduce our contribution to the United Nations, at least to the level of the contributions provided by the Soviet Union. 50 percent would be 200 million, the equivalent of the Soviet Union contribution would be 168. I think that makes sense.

Mr. Smith. Of course, we have been delaying our payments. It does not mean you you still do not owe the money until the Administration negotiates a different treaty. They have not been negotiating a different treaty.

Do you know anything about it? Are they going to try to?

Mr. Parris. I have no idea. But our first point, the Soviet Union is in arrears in their mandatory assessed payments in the amount of 235 million, 80 percent of which is to the so-called peacekeeping support. To rub salt into that wounds, they are paying what they are paying in Rubles, which nobody will take.

Mr. Smith. Of course they are not for you to fill any of those peacekeeping in the Middle East. But we get in the position here of we delay our payments. We really need to negotiate a new treaty. We really need for the Administration to negotiate a different contract.

Mr. Parris. But you and I may be considerably older than we are today if we wait for that to happen. That is why I respectfully submit if we wait for those esoteric debates to take place at the United Nations chambers, you might as well forget it. We are going to have to take the initiative on this or it is not going to happen.

Mr. Smith. Thank you very much.

Mr. Parris. Thank you. I appreciate the time.

[Statement follows:]

THE HONORABLE STAN PARRIS
TESTIMONY BEFORE THE APPROPRIATIONS SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE AND THE JUDICIARY
FUNDING FOR THE UNITED NATIONS
APRIL 9, 1986

Mr. Chairman, members of the Subcommittee, thank you for this opportunity to present testimony as you consider appropriations for Fiscal Year 1987.

I come before you today to share the facts of a matter that has troubled me a great deal in the past several years. Namely, the vicious anti-American bias routinely exercised by the United Nations at the hands of those who control that organization and its associated agencies -- specifically, the Soviet Union and her satellites. What is even more troubling is the fact that it is the American taxpayer who is picking up the tab for these anti-U.S., anti-democracy and anti-free enterprise activities of the United Nations.

In these times of increasing, and long overdue, attention to the deficit in particular and fiscal responsibility in general, perhaps it is time for this committee and the Congress to reassess the United States' role in funding this organization vis-a-vis the control we have over the budget and the overall return on our investment.

Just over fourty years ago, on October 24, 1945, the United States became one of the original 51 members of the United Nations. The original purpose of the United Nations was a noble one, indeed; namely to provide a forum for international communication and to promote peace and good will among all nations of the world. The world political scene has changed a great deal since 1945, and so has the U.N. evolved.

But, has the United Nations really evolved? According to Webster's, evolution is defined as "a process of continuous change from a lower, simpler, or worse [state] to a higher, more complex, or better state," and as "a relatively peaceful social, political and economic advance." While these are acurate definitions for the term evolution, they most certainly do not represent the changes which the U.N. has undergone since 1945. In this case, the more appropriate term would be retrogression.

In many ways, the U.N. has all but abandoned its originally stated purpose and has become, in the process, little more than a powerful political propaganda tool of the Soviet Union and the provider of an endless line of credit upon which the Soviet Union may draw at will to finance her expansionist policies throughout the world.

The United States plays a very important role in the United Nations of today as well; specifically, that of whipping boy for the Soviets and chief financier of the cause.

As concerns United Nations funding, there are two basic types of contributions made by member nations, assessed and voluntary. The former are mandatory contributions (as set forth under the U.N. Charter) to the regular budget and certain other activities such as peacekeeping. The assessments range from a minimum of one tenth of one percent to 25 percent, supposedly based upon the individual nation's ability to pay. As a matter of fact 78 of the 156 member nations are assessed at the minimum rate. The voluntary contributions are, as the name would imply, voluntary. These funds go to support the various and assorted functions, organizations and commissions of the U.N..

Since its creation, the U.N. has become what could be likened to a bottomless pit, into which the U.S. has dumped literally tens of billions of dollars. In 1946, the United States provided the funds to pay for 40% of the U.N. regular budget or $7.7 million. By 1960, the U.S. percentage assessment had decreased to 32%, but the cost had increased to $21 million. In 1970, the U.S. assessment for the regular budget was just under 32%, but the bill was $53 million. Between 1970 and 1985, our percentage assessment had been reduced to 25% (established as the maximum assessment in 1974), however, our payment to the U.N. regular budget amounted to approximately $205 million, a 500% increase in only 15 years. Indeed, in the past decade, the United Nations regular budget has more than tripled in size.

Before continuing any further, the question must be asked: "exactly who is paying for what at the U.N.?" According to the official U.N. General Assembly Report of the Committee on Contributions, dated August 9, 1985, the total cash payments received in satisfaction of assessments for 1984 was $1,607,446,000. Of that amount, only $134.7 million, or 8.3%, was received from the Soviet Union. At the same time, $450.23 million was received from the United States -- 28.01 % of the total amount -- almost four times the amount furnished by the Soviets.

With respect to voluntary contributions, that same report shows that the Soviet Union contributed only one-half of one percent of the total $2.1 billion received, while the U.S. contributed 23.82 % of it. A substantial margin of difference by anyone's standards.

Section 2 of Article 17 of the U.N. Charter states that the "expenses of the organization shall be borne by the members as apportioned [by the charter]..." But, the Charter failed to specifically mention peacekeeping operations. The Soviets have taken full advantage of this omission by contributing virtually nothing to U.N. peacekeeping missions in the Congo, the Golan Heights, or Lebanon. According to data obtained from the U.N. Secretariat's January 20, 1986 report on the status of assessed contributions, the Soviet's are in arrears on their "mandatory assessed" payments to the U.N. in the amount of $235.6 million, nearly 80 percent of which is peacekeeping non-support.

The ambiguity of Article 17 also gives the Soviet Union the option of paying its share of assessed and voluntary contributions to the U.N. in their currency, the ruble, at an exchange rate determined by the Soviet's themselves. In recent years, the USSR has chosen to make all or most of its payments in rubles, which are useless outside of the Soviet Union.

With that bit of background on the vast wealth which is at the disposal of the United Nations each year, the next question to ask is "who decides where the money goes?" The simplest answer to that question is the unqualified statement that it is definitely not the United States, despite the fact that better than 25% of the money comes out of American taxpayers' funds.

Quite simply, there is no incentive at the United Nations to cut costs or otherwise hold down budget growth. The vast majority of nations voting on the budget pay a miniscule share of U.N. outlays, and, yet, everyone is given an equal vote. As a matter of fact, 143 of the 159 member nations, or 90% of the membership, pay less than a 1% share of the U.N. regular budget. More than half of those 143, as I have previously stated, contribute the minimum 0.01% of the budget.

For the latter group, every $1 million increase in the U.N. budget costs them only $1000 per nation. Clearly, these developing countries receive a substantial return on their $1000 investment; yet, it is the U.S. and other developed nations that bear the brunt of these increased costs. The trouble is that the U.S. and other 1% + contributors have only 16 of 159 votes, or about 10% of the total vote, with which to control or even influence budget decisions.

Thank's to passage last year of an amendment to the State Department Authorization bill, which was sponsored by Senator Nancy L. Kassebaum (R-KS), we may begin to see some relief from this major charter drafting faux pas. Specifically, Senator Kassebaum's amendment will limit to 20%, the U.S. contribution to the U.N. regular budget beginning in 1987 unless the U.N. adopts a system of proportional voting on budget issues. In practice, that would give the U.S. and others voting clout proportionate to the size of their contribution.

While the initial reponse of the State Department to this new legislation was somewhat less than enthusiastic, they have since found it to be an invaluable tool in trying to force the U.N.'s hand on the issue. At this point, there remain questions as to whether the Congress will stick to its position on the issue, or bow to internal and external pressures to either eliminate or delay the effective date of the provision.

As it now stands, the United States does not have any effective control over the actions of the U.N. or its related agencies. We don't determine where these funds go, to whom, or how much -- the Soviet Union has seen to that. The U.N. is a valuable tool used by the Soviet Union and her satellites in executing their expansionist policies. Consequently, the U.N. has deteriorated to a forum for the dissemination of pro-Soviet/anti-American propaganda for the Soviets, and a very effective one at that.

Four decades after it was founded with the goal of maintaining world peace, the United Nations has become instead a symbol of largely failed dreams and a center of anti-American rhetoric. It has drifted away from its role as an institution for the resolution of conflict. Even our three latest U.S. Ambassadors to the U.N. have acknowledged that regretable fact. And now we find that the vast amounts of money spread around the Third World countries at will by the Soviets, are no more than international, political bribery.

The saddest thing about all this is that it is the American Citizens who are paying for over 25% of these activities.

The Soviet bloc and the so-called "Group of 77," (actually a group of 120) -- the Third World bloc -- use the U.N. to attack the free enterprise system in general, the multi-national corporations and the United States in particular, as the alleged source of the world's economic ills. Increasingly over the years, there has been a developing pattern of so-called non-aligned nations voting with the Soviet Union in a knee-jerk reaction condemning the U.S. In fact, we find that the non-aligned nations have voted 86.2% of the time with the Soviet Union. When you vote consistently nine out of ten times on one side an issue, you can hardly be considered non-aligned.

In addition, this U.N. majority uses a double standard in practicing selective indignation over alleged human rights violations by the U.S., Israel, South Africa and other Western states, while so often overlooking outrages committed by socialist and communist countries.

When was the last time the U.N. passed a resolution condemning Soviet use of chemical weapons in Cambodia or Kampuchea? When was the last time the U.N. passed a resolution condemning the Soviet occupation of Poland or Afghanistan? When was the last time the U.N. passed a resolution condemning human rights abuses by the governments in Cuba and Nicaragua -- or by the Soviets in Russia, for that matter?

In his book, '1984,' George Orwell made the point that Totalitarian regimes seek to hide their own despotic practices by accusing others of acts in which they themselves systematically engage. I think it is clear that that is what is going on at the U.N. Headquarters in New York!

Consider some of the other ways in which the Soviet Union manipulates the U.N. to suit its own purposes.

The spirit of Articles 100 and 101 of the U.N. Charter is clearly stated: Secretariat employees are to be international civil servants, loyal to the U.N. rather than to any particular nation. However, paragraph 1 of Article 101 established a loophole allowing the Secretary General to appoint staff according to General Assembly Recommendations. Today, virtually every one of the 275 professional Secretariat employees from the USSR are on a fixed-term contract, paid at a level no less than 20% above their U.S. Civil Service counterparts.

In addition, all the activities of these employees are coordinated in detail by the Soviet Mission to the U.N. According to Arcady Shevchenko, a Soviet who was the U.N. Under Secretary General until his 1978 defection to the U.S., Soviet employees are required to turn their U.N. salaries over to the Soviet Government and receive only a fraction of it in return. It was estimated in 1974 that about $15.2 million of the $22.7 million earned each year by the Soviet Secretariat staff ends up in Moscow. In short, the United States and the world are indirectly underwriting the work of the Kremlin.

According to the FBI and CIA, the U.N. is an established base for Soviet espionage. U.N. employees are permitted, by U.N. headquarters agreement, to travel almost freely anywhere in the U.S. About 275 of the 1,100 communist bloc officials in New York are professional Soviet Secretariat employees. Greater than fourty percent of those 275, it is estimated by U.S. counter intelligence, are agents of the KGB and other Soviet intelligence services. According to Arcady Shevchenko, the agents in New York frequently take advantage of the freedom of travel capabilities to conduct high technology espionage activities. Unfortuantely, the FBI simply does not have the resources to keep tabs on these and the 2,500 other Soviet block citizens working at the U.N., most of whose travel, incidentally, is also not restricted.

On that note, it was heartening to hear of the Administration's recent announcement that it was directing the Soviets to send 105 of the 275 Secretariat employees back home. Even after such a reduction, however, the Soviet Union would still have the largest Mission to the U.N.

Consider also that the Director of the External Relations Division of the Department of Public Information had been identified by Arkady Shevchenko as a KGB Colonel -- and, yet, he directs the dissemination of U.N. material to all 64 U.N. Information Centers throughout the world. The Department's practice of slanting U.N. publications in line with Soviet propaganda efforts has been more than amply documented. Case-in-point: the Department of Public Information (DPI) managed to avoid any reference to the Soviet destruction of KAL Flight 007 and the murder of all of its passengers. In its press releases, DPI referred to "the Korean airliner draft decision," "the loss of a Korean airliner," and "the disappearance of a Korean airliner;" but never once was there reference to its Soviet perpetrators.

In addition to the above, the Soviets literally control many other departments of the U.N. which include, but are not limited to, Personnel, Conference Services, Office of Legal Affairs, and the U.N. Library.

I have only discussed here the tip of the proverbial iceberg. The fact of the matter is that we, the people of the United States, are subsidizing Soviet Expansionism. What I have related is not simple rhetoric, it is not American propaganda -- it is substantiated fact. Those facts having been established, it is time for the United States to reassess its purpose, the extent of its involvement, and its goals in the U.N. We must then decide whether or to what degree the U.N. is the most effective way in which to acheive those goals.

I am not suggesting that we withdraw from the United Nations. In fact, I believe we should maintain our membership and continue our efforts to bring that organization back to the original purpose for which it was created. But until it returns to an institution dedicated to the resolution of world conflict, I believe we should dramatically reduce our financial support of its operating and other program budgets, at least to a similar level of funding as the Soviet Union.

The United Nations have suggested a FY'87 regular budget of $1.6 billion which would require a $400 million contribution by the United States based on a 25% assessment. On the other hand, the Soviets will be assessed in the area of $168 million. I would strongly suggest that this committee might consider, based on the above facts, reducing the U.S. contribution to the regular budget by at least 50%, but, preferably, to a level equivalent to that of the Soviet Union. Perhaps we may also wish to pay our assessment in Rubles or Cordobas.

Again, thank you for this opportunity to testify and I hope the committee will consider these suggestions.

I would be happy to answer any questions which the committee might have.

WEDNESDAY, APRIL 9, 1986.

USIA AND NOAA PROGRAMS

WITNESS

HONORABLE DANIEL AKAKA, A REPRESENTATIVE FROM THE STATE OF HAWAII

Mr. SMITH. Daniel Akaka.

Mr. AKAKA. Thank you very much, Mr. Chairman, Members of your Committee, thank you very much for giving me the time to speak, and discuss the East-West Center and the NOAA budget.

Mr. SMITH. Always glad to have you.

Mr. AKAKA. I would like to take this opportunity to thank the Subcommittee for its past support of the efforts of the East-West Center and would like to extend a special word of appreciation to the staff of USIA for their tremendous assistance to the center over the past year.

Twenty-six years ago Congress established that Center, a unique educational institution where people from the United States Asia and Pacific worked together to study and seek solutions to social, economic, and cultural problems of development. It is a non-profit educational corporation funded primarily through an annual Congressional appropriation which has allowed the Center to sustain its important programs.

I support the Administration's FY-87 budgetary request which will maintain the Center's programs at current levels' Likewise, I hope the Subcommittee will continue to support the request. And Mr. Chairman, I appreciate your personal support of the East-West Center. I know the people who work there, they are great educational leaders.

The NOAA budget is facing cuts. And I am very disheartened to see that the President has once again proposed severe reductions in this Agency's budget. However, I am thankful for the opportunity to discuss how vital these programs are to the state of Hawaii and the Pacific region.

The President's FY-87 budget request proposes to terminate the NOAA undersea research program. This account funds research activities carried out in Hawaii and other coastal areas that are critical to seafloor exploration. The loss of this activity will mean that research of this nature simply would not be undertaken, could only be accomplished at a drastically reduced level.

The private sector simply does not have the capacity to support a research program of this kind. And I urge the Subcommittee to reject the proposed cut and restore funding to this vital undersea research program.

Also I want to thank the Subcommittee for its supports of Hawaii's undersea research program. Last year HURL was able to purchase a new submersible with a greater depth capacity as a result of the funding provided by this Subcommittee. This new submersibles would enable HURL to explore sea mounts in the region which are expected to contain some of the richest crusts of manganese and cobalt.

Although the Administration has again requested termination of the undersea research program, I urge the Subcommittee to continue its program and provide HURL with its current funding level of $1.4 million to maintain the scientific research and exploration presently underway in the Pacific while understanding that this submersible will give them the capability of going 7,000 feet to look at the see mounts in the Pacific.

I appreciate the support that this Subcommittee has given in the past two fiscal year to the research on the association between primary production and recruitment in subarctic ecosystem. With your help we have come to better understand the reason for the decline in the Northwest fisheries, once the most productive of all U.S. fisheries.

In the coming year we will use this understanding to develop a fisheries management plan which will allow us to maintain and rejuvenate this important resource. The APRISE program, now in its second year of operation, has combined the expertise of scientists from the University of Alaska at Juneau, Insititute of Marine Science at the University of Alaska at Fairbanks, the Oceanic Institute of Hawaii, and Auke Bay Laboratory of the National Marine Fishery Service to focus on this problem.

This research will provide the foundation for the establishment of the workable, efficient, and prudent fisheries management plan that will serve as an essential first step for renewing this precious natural resmurce.

In light of the importance of the Northwest fisheries and the rapid rate of decline of this commercial resource, I urge this funding for this important program be restored in FY-87. In addition, I feel that there is strong justification for accelerating this research so that some remedial action to preserve this resource can begin immediately. I believe the current year's program should be increased by $300,000 to accomplish this.

The final program, PEACESAT, that I have on my list of budgetary concerns I would like to bring up concerning this problem which I hope to resolve administratively, but which may eventually require the attention of this Subcommittee. The Pan-Pacific Educational and Communication Experiments by satellite, which is PEACESAT, which was initiated in 1971 by a joint agreement between the University of Hawaii and NASA. Since that time the program has spread to 23 Pacific basin locations, including the U.S. territories of American Samoa, Northern Marianas, Guam, and Micronesia.

The program has been very successful in connecting the four corners of the Pacific rim, facilitating the sharing of information and services between educational and public institutions in this region.

In 1985 NASA's ATS-1 satellite used for the PEACESAT program ran out of fuel and had to be decommissioned. The program has therefore been drastically cut back with numerous education programs and scientific and information exchange being discontinued or seriously impaired. Attempts have been made to a obtain an alternate system, but none has been secured at this time.

Recently NASA has held negotiations with NOAA to utilize the GOES-2 satellite scheduled to be shut down and replaced in June 1986 as a successor to ATS-1. An arrangement has been discussed that would not interfere with other NOAA services and it would assure NOAA has the ability to pre-empt PEACESAT use of the satellite in case of an emergency or other unforeseen circumstance. Further, this arrangement would not cost NOAA anything as all costs associated with the use of GOES-2 for the PEACESAT program would be borne by NASA.

I am hopeful that these conditions can be achieved in a memorandum of understanding between NOAA and NASA for the use of the GOES-2 satellite on a long-term basis. NASA and the participants in the PEACESAT program need to have a long-term commitment before making the necessary investments in equipment and maintenance to operate the system with the GOES-2 satellite.

This satellite currently has adequate fuel to maintain an orbit sufficient for the PEACESAT program for 10 to 15 years. Since the satellite would otherwise be decommissioned, it would seem appropriate that PEACESAT program be able to utilize the satellite for the remainder of its lifetime.

As I stated previously, I am attempting to resolve this problem through administrative channels. However, should these efforts fail, I want the Subcommittee to be aware of the PEACESAT program and of its importance to the Pacific Region, and why this vital program should continue.

In closing, Mr. Chairman, I would like to thank you for this opportunity to appear before you to express these concerns and programs within your jurisdiction. And I ask that my full 12-page testimony be included in the record.

[Statement follows:]

HONORABLE DANIEL K. AKAKA
SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE AND THE JUDICIARY
APRIL 9, 1986

I WOULD LIKE TO EXPRESS MY APPRECIATION TO THE MEMBERS OF THE SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE AND THE JUDICIARY FOR PERMITTING ME TO PARTICIPATE IN TODAY'S HEARING TO DISCUSS THE EAST-WEST CENTER AND THE NOAA BUDGET FOR FY87.

EAST-WEST CENTER

INITIALLY, I WOULD LIKE TO TAKE THIS OPPORTUNITY TO THANK THE SUBCOMMITTEE FOR ITS PAST SUPPORT OF THE EFFORTS OF THE EAST-WEST CENTER. I WOULD ALSO LIKE TO EXTEND A SPECIAL WORD OF APPRECIATION TO THE STAFF OF UNITED STATES INFORMATION AGENCY FOR THEIR TREMENDOUS ASSISTANCE TO THE CENTER OVER THE PAST YEAR.

TWENTY-SIX YEARS AGO, CONGRESS ESTABLISHED THE EAST-WEST CENTER, A UNIQUE EDUCATIONAL INSTITUTION WHERE PEOPLE FROM THE UNITED STATES, ASIA, AND THE PACIFIC WORK TOGETHER TO STUDY AND SEEK SOLUTIONS TO SOCIAL, ECONOMIC, AND CULTURAL PROBLEMS OF DEVELOPMENT. THE CENTER, A NON-PROFIT EDUCATIONAL CORPORATION, IS FUNDED PRIMARILY THROUGH AN ANNUAL CONGRESSIONAL APPROPRIATION WHICH HAS ALLOWED THE CENTER TO SUSTAIN ITS IMPORTANT PROGRAMS.

I SUPPORT THE ADMINISTRATION'S FY87 BUDGET REQUEST WHICH WILL MAINTAIN THE CENTER'S PROGRAMS AT CURRENT LEVELS. LIKEWISE, I HOPE THE SUBCOMMITTEE WILL CONTINUE TO SUPPORT THE REQUEST.

NOAA PROGRAMS

NOW FOCUSING ON THE NOAA BUDGET, I AM DISHEARTENED TO SEE THAT THE PRESIDENT HAS ONCE AGAIN PROPOSED SUCH SEVERE REDUCTIONS IN THIS

AGENCY'S BUDGET. HOWEVER, I AM THANKFUL FOR THE OPPORTUNITY TO DISCUSS HOW VITAL THESE PROGRAMS ARE TO THE STATE OF HAWAII AND THE PACIFIC REGION.

NOAA UNDERSEA RESEARCH PROGRAM

THE PRESIDENT'S FY87 BUDGET REQUEST PROPOSES TO TERMINATE THE NOAA UNDERSEA RESEARCH PROGRAM. THIS ACCOUNT FUNDS RESEARCH ACTIVITIES CARRIED OUT IN HAWAII AND OTHER COASTAL AREAS THAT ARE CRITICAL TO SEAFLOOR EXPLORATION AND RESOURCE CONSERVATION. THE LOSS OF THIS ACTIVITY WOULD MEAN THAT RESEARCH OF THIS NATURE SIMPLY WOULD NOT BE UNDERTAKEN, OR COULD ONLY BE ACCOMPLISHED AT A DRASTICALLY REDUCED LEVEL. THE PRIVATE SECTOR SIMPLY DOES NOT HAVE THE CAPACITY TO SUPPORT A RESEARCH PROGRAM OF THIS KIND. I URGE THE SUBCOMMITTEE TO REJECT THE PROPOSED CUT AND RESTORE FUNDING TO THIS VITAL UNDERSEA RESEARCH PROGRAM.

HAWAII UNDERSEA RESEARCH LABORATORY

I WOULD LIKE TO TAKE THIS OPPORTUNITY TO THANK THE SUBCOMMITTEE FOR ITS SUPPORT OF HAWAII'S UNDERSEA RESEARCH PROGRAM. LAST YEAR, THE HAWAII UNDERSEA RESEARCH LABORATORY (HURL) WAS ABLE TO PURCHASE A NEW SUBMERSIBLE WITH A GREATER DEPTH CAPACITY AS A RESULT OF THE FUNDING PROVIDED BY THE SUBCOMMITTEE. THIS NEW SUBMERSIBLE WILL ENABLE HURL TO EXPLORE SEA MOUNTS IN THE REGION WHICH ARE EXPECTED TO CONTAIN SOME OF THE RICHEST CRUSTS OF MANGANESE AND COBALT. ALTHOUGH THE ADMINISTRATION HAS AGAIN REQUESTED THE TERMINATION OF THE UNDERSEA RESEARCH PROGRAM, I URGE THE SUBCOMMITTEE TO CONTINUE THIS PROGRAM AND PROVIDE HURL WITH ITS

CURRENT FUNDING LEVEL OF $1.4 MILLION TO MAINTAIN THE SCIENTIFIC RESEARCH AND EXPLORATION PRESENTLY UNDERWAY IN THE PACIFIC.

APPRISE/SUBARCTIC BLOOM RESEARCH

I APPRECIATE THE SUPPORT THAT THIS SUBCOMMITTEE HAS GIVEN OVER THE PAST TWO FISCAL YEARS TO THE RESEARCH ON THE ASSOCIATION BETWEEN PRIMARY PRODUCTION AND RECRUITMENT IN A SUBARCTIC ECOSYSTEM (APPRISE). WITH YOUR HELP, WE HAVE COME TO BETTER UNDERSTAND THE REASON FOR THE DECLINE IN THE NORTHWEST FISHERIES, ONCE THE MOST PRODUCTIVE OF ALL U.S. FISHERIES. IN THE COMING YEAR, WE WILL USE THIS UNDERSTANDING TO DEVELOP A FISHERIES MANAGEMENT PLAN WHICH WILL ALLOW US TO MAINTAIN AND REJUVENATE THIS IMPORTANT RESOURCE.

THE APPRISE PROGRAM, NOW IN ITS SECOND YEAR OF OPERATION, HAS COMBINED THE EXPERTISE OF SCIENTISTS FROM THE UNIVERSITY OF ALASKA AT JUNEAU, THE INSTITUTE OF MARINE SCIENCES AT THE UNIVERSITY OF ALASKA AT FAIRBANKS, THE OCEANIC INSTITUTE OF HAWAII, AND THE AUKE BAY LABORATORY OF THE NATIONAL MARINE FISHERIES SERVICE TO FOCUS ON THIS PROBLEM. THIS RESEARCH WILL PROVIDE THE FOUNDATION FOR THE ESTABLISHMENT OF A WORKABLE, EFFICIENT, AND PRUDENT FISHERIES MANAGEMENT PLAN THAT WILL SERVE AS AN ESSENTIAL FIRST STEP TOWARD RENEWING THIS PRECIOUS NATURAL RESOURCE.

IN LIGHT OF THE ECONOMIC IMPORTANCE OF THE NORTHWEST FISHERIES AND THE RAPID RATE OF DECLINE OF THIS COMMERCIAL RESOURCE, I URGE THAT FUNDING FOR THIS IMPORTANT PROGRAM BE RESTORED IN FY87. IN ADDITION, I FEEL THAT THERE IS STRONG JUSTIFICATION FOR ACCELERATING THIS RESEARCH SO THAT SOME REMEDIAL ACTION TO PRESERVE THIS RESOURCE CAN BEGIN immediately. I believe that the current year's program should be increased by $300,000 to accomplish this.

PEACESAT

Now that I have completed my list of budgetary concerns, I would like to bring up a problem which I hope to resolve administratively but which may eventually require the attention of the Subcommittee.

The Pan-Pacific Educational and Communication Experiments by Satellite (PEACESAT) program was initiated in 1971 by a joint agreement between the University of Hawaii and NASA. Since that time, the program has spread to 23 Pacific Basin locations, including the U.S. Territories of American Samoa, the Northern Marianas, Guam, and Micronesia. The program has been very successful in connecting the far corners of the Pacific Rim, facilitating the sharing of information and services between educational and public institutions in the region.

In 1985, NASA's ATS-1 satellite used for the PEACESAT program ran out of fuel and had to be decommissioned. The program has therefore been drastically cut back with numerous education programs and scientific and information exchanges being discontinued or seriously impaired. Attempts have been made to obtain an alternative system to ATS-1, but none has been secured at this time.

Recently, NASA has held negotiations with NOAA to utilize the GOES-2 satellite, scheduled to be shut down and replaced in June 1986, as the successor to ATS-1. An arrangement has been discussed that would not interfere with other NOAA services and would assure NOAA has the ability to preempt PEACESAT use of the satellite in case of an emergency or

OTHER UNFORESEEN CIRCUMSTANCE. FURTHER, THIS ARRANGEMENT WOULD NOT COST NOAA ANYTHING AS ALL COSTS ASSOCIATED WITH THE USE OF GOES-2 FOR THE PEACESAT PROGRAM WOULD BE BORNE BY NASA.

I AM HOPEFUL THAT THESE CONDITIONS CAN BE ACHIEVED IN A MEMORANDUM OF UNDERSTANDING BETWEEN NOAA AND NASA FOR THE USE OF THE GOES-2 SATELLITE ON A LONG-TERM BASIS. NASA AND THE PARTICIPANTS IN THE PEACESAT PROGRAM NEED TO HAVE A LONG-TERM COMMITMENT BEFORE MAKING THE NECESSARY INVESTMENTS IN EQUIPMENT AND MAINTENANCE TO OPERATE THE SYSTEM WITH THE GOES-2 SATELLITE. GOES-2 CURRENTLY HAS ADEQUATE FUEL TO MAINTAIN AN ORBIT SUFFICIENT FOR THE PEACESAT PROGRAM FOR 10 TO 15 YEARS. SINCE THE SATELLITE WOULD OTHERWISE BE DECOMMISSIONED, IT WOULD SEEM APPROPRIATE THAT THE PEACESAT PROGRAM BE ABLE TO UTILIZE THE SATELLITE FOR THE REMAINDER OF ITS LIFETIME.

AS I HAVE STATED PREVIOUSLY, I AM ATTEMPTING TO RESOLVE THIS PROBLEM THROUGH ADMINISTRATIVE CHANNELS. HOWEVER, SHOULD THESE EFFORTS FAIL, I WANTED THE SUBCOMMITTEE TO BE AWARE OF THE PEACESAT PROGRAM AND OF ITS IMPORTANCE TO THE PACIFIC REGION AND WHY THIS VITAL PROGRAM SHOULD CONTINUE.

IN CLOSING, I WOULD LIKE TO THANK YOU FOR THIS OPPORTUNITY TO APPEAR BEFORE YOU TO EXPRESS THESE CONCERNS ON PROGRAMS WITHIN YOUR JURISDICTION.

DANIEL K. AKAKA
Second District, Hawaii

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April 21, 1986

Honorable Neal Smith
Chairman, Subcommittee on Commerce,
  Justice, State and Judiciary
H-310, The Capitol
Washington, D.C. 20515

Dear Neal:

In addition to the matters contained in the testimony I recently presented before your Subcommittee, I want to bring to your attention two programs of high importance to fisheries development in the Pacific.

The first program focuses on the urgent need to develop a practical management plan for the enhancement of commercial and sport fish in Hawaiian waters. In recent years, there has been a significant decline in the population of these fish due to: 1) heavy overfishing, and 2) ecological changes to their habitat caused by natural phenomena and human influences. Some of the most preferred species in the Hawaiian commercial fisheries are the kumu (goatfish), the grey mullet, and the onaga and opakapaka (two red snapper varities), along with popular sports species such as the papio and moi. Unfortunately, these species are under extreme pressure and will face great uncertainty unless a management and stock enhancement plan is developed and implemented.

To address this problem, I recommend that the Subcommittee provide $275,000 in fiscal year 1987 to allow the Oceanic Institute to develop a management plan for stock enhancement of these important commercial and sports species. The Oceanic Institute is a private, non-profit research institution located in Hawaii with twenty-six years of experience in marine ecology. These funds would be used to survey the standing stocks of these species, determine the existing deficiencies in the fisheries, and design a practical strategy of stock enchancement that is consistent with the ecology of the Hawaiian waters.

Among other things, this project will avoid threatening any recreational or commercial fisheries which are not the target of the management plan. The management plan resulting from this study would offer a practical program for the preservation and enhancement of these valuable species.

Honorable Neal Smith
Page 2
April 21, 1986

The second program that I want to bring to your attention is an opportunity to develop an aquaculture development and export promotion program for a highly attractive commercial fish, the mahimahi (Coryphaena hippurus). Preliminary research at the Oceanic Institute demonstrates that the mahimahi is one of the fastest growing of all marine finfish and is a prime candidate for export development. Mahimahi's fresh fish characteristics have the potential to rival such popular varities as dover sole, and represent a promising new opportunity for export development. A major fish dealer recently indicated that this fish, if commercially produced and marketed on a large-scale, can successfully compete in many world markets.

The Oceanic Institute has received enthusiastic response to its initial work on mahimahi, and is in the process of developing a aquaculture technology and a market development program in conjunction with the Israeli Fish Breeders Association. To further these objectives, I ask that $100,000 be provided in fiscal year 1987 for the Oceanic Institute to study export strategies and market potential for the mahimahi.

Aloha pumehana,

Danny

DANIEL K. AKAKA
Member of Congress

Mr. SMITH. We will be glad to do that. We are glad to have your testimony. They have been on target most of the time.

Mr. AKAKA. Thank you very much, Mr. Chairman.

WEDNESDAY, APRIL 9, 1986.

NOAA PROGRAMS

WITNESSES

HONORABLE DON BONKER, A REPRESENTATIVE FROM THE STATE OF WASHINGTON

HONORABLE ROD CHANDLER, A REPRESENTATIVE FROM THE STATE OF WASHINGTON

Mr. SMITH. Mr. Bonker.

Mr. BONKER. Good morning, Mr. Chairman.

I was to appear with my colleagues earlier, and I apologize for not being here on time and appreciate the extra few minutes you gave me.

I have a statement for the record and I will be very brief because I know you are familiar with our situation.

In support of continuing appropriations for the fish hatchery programs along the Columbia River I would like to cite three substantial reasons.

Number one is the Federal Government's continuing commitment for the enhancement plan that is inherent in the Mitchell Act, which rightly had foreseen the decimation of the salmon resource as a result of constructing the damns along the Columbia River, extensive forest activity, and also the irrigation withdrawal that has really caused a very serious decline of the resource from a peak of 16 million salmon per year down to about 2 and a half million.

And the Federal government knew exactly what the impact would be. And that is why it set up the Mitchell act and provided for these ongoing enhancement mitigation programs. So I think there is a legal obligation that is ongoing.

Number two would be the national and international treaty obligations that are placed upon our region. Number one, that Federal Court decision that has been known as the Bolt decision, which in effect mandated that half of all the salmon caught in that area belongs to Native Americans who represent less than 1 percent of the population. And that has really caused tremendous economic hardship among traditional fishermen who now have to share rather generously what remaining resource there is with the very small percentage of the population.

We have tried and tried to deal with the fallout of that Bolt decision. But it has been sustained by higher Courts, and we just have to deal with it.

But nonetheless, if we were to eliminate or greatly curtail these programs, it would impose an even greater hardship on both the Native Americans as well as traditional non-Indian fishermen. And incidentally, if we were to curtail our funding of these programs, we'd possibly be open to suit by the Indians for not meeting the treaty obligations.

The other treaty is with Canada. And after 15 years of trying to negotiate with the Canadians, because our salmon when they move out of the Columbia River and other tributaries up into Canadian waters, and their salmon which comes down the river comes into our water for feeding, so after many years we finally successfully negotiated an agreement to provide for proper allocation of the mixing of these resources.

But implied in that treaty is a continuing, indeed and increased commitment to enhancement. And it is rather ironic but not uncommon that the Reagan Administration came before Congressman Breaux's Committee almost back to back, one hearing one day and then the authorization request the next, in which they wanted our approval on the agreement which carries with it a rather significant commitment to increasing our salmon runnings. Because they have $200 million, the Canadians do, set aside for salmon enhancement. So that was an implied commitment in the agreement.

Then the next day they come up to the Committee and ask that we phase out all existing programs. And it is rather incongruous that on the one hand we are trying to negotiate and sign off on an agreement that increases the resource, and on the other hand we are saying that we are eliminating the existing programs which would be in direct violation of that agreement.

So the Administration cannot have it both ways and neither can we. If we are going to have an agreement, we have a moral obligation, legal obligation, to meet the terms of that agreement.

Lastly there has been recent talk in the Administration and here on Capitol Hill that the region to carry a larger burden in salmon enhancement, somehow we are getting off scott free while the Federal government is making the major commitment. As you know, the request, which has been fairly level over the last several years, has been for $10 million. But this year Bonneville Power Administration, as I understand it, will spend $37 million to implement fish and wildlife programs. And both Oregon and Washington states fund rather substantially the salmon enhancement programs.

So I think it is unfair to make the statement that we in the Northwest are not carrying our burden in salmon enhancement, because indeed given Bonneville's substantial commitment, which is required by Federal law incidentally, the rate payers of that area certainly are accepting their full responsibility.

These are tough times with Gramm-Rudman and deficit reduction, Mr. Chairman. I do not envy the job you have. But speaking on behalf of our entire delegation, we do appreciate your understanding of the problems and this Committee's continuing support of our salmon program.

Mr. Smith. Apparently the salmon have not heard about Gramm-Rudman.

Mr. Bonker. No. But they are being sequestered, Mr. Chairman.

Mr. Smith. Do you have a statement on the same thing?

Mr. Bonker. I have said it all for Rod.

Mr. Chandler. Indeed he has, Mr. Chairman. And I will simply submit my statement for the record. We certainly appreciate your support in the past and thank you for the consideration.

Mr. Smith. Thank you to both of you. We thank you.

[Statement follows:]

STATEMENT BY CONGRESSMAN DON BONKER
BEFORE
THE APPROPRIATIONS SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE AND THE JUDICIARY
IN SUPPORT OF
FEDERAL FUNDING FOR COLUMBIA RIVER HATCHERIES

APRIL 9, 1986

Mr. Chairman, I'm sure many of us come to this hearing with a strong sense of deja vu. As predictably as the salmon in the Northwest begin their upstream migrations, the Reagan Administration cuts funding for the region's federal fish hatcheries only to have the money restored by Congress. In the interest of maintaining this time-honored tradition--at least with respect to the first and last events--I urge the committee to restore full funding for the federal Columbia River hatcheries.

By way of background, Congress appropriated $9.954 million for Columbia River hatcheries for FY86 as part of the funding for the National Marine Fisheries Service. Of these funds, $8.254 is being used by the states to operate 22 hatcheries and 2 rearing ponds; the remaining $1.7 million goes toward fisheries stock management, research, and administrative personnel in NMFS's Portland office.

In his first full budget submission, President Reagan proposed eliminating the hatchery program over three years. After Congress rejected that plan, the FY84 budget proposal called for a $7 million cut the first year, and elimination the next. After Congress rejected that proposal, Reagan's FY85 budget called for termination of the NMFS Columbia River hatchery program, and transfer of the costs to the Bonneville Power Administration (BPA). After rejecting that proposal last year, we find ourselves back in the position of attempting to restore hatchery funding which the Administration has sought to push off on BPA.

These Administration proposals fly in the face of equity and a continuing federal responsibility for fish mitigation in the region. First, the Mitchell Act of 1938 commits the federal government to mitigate the impact of Columbia River hydroelectric development on our fisheries resources; there is no time limit to the federal responsibility, and fish runs are still half their level prior to the construction of the dams. Second, the Columbia River program provides benefits far beyond our immediate region. Salmon originating in the Columbia contribute to the economies of California, Oregon, Alaska, Canada, and various Indian tribes. Third, there is enormous non-federal spending to enhance Northwest fisheries resources. The Northwest is already meeting its enhancement responsibilities by paying for most of the costs associated with these programs.

CONTINUING FEDERAL OBLIGATION UNDER THE MITCHELL ACT

Taking these points in order, it is clear that the federal government has a continuing legal responsibility for fisheries mitigation in the Northwest. Salmon and steelhead are anadromous fish, that is they are born in freshwater streams and mature at sea, returning years later to spawn at their precise birthplace. These magnificant fish are an important economic resource in the Northwest, particularly in our hard-hit coastal communities where unemployment has climbed to 15 and even 20 percent.

The number of salmon and steelhead has been decimated over the years by dams, poor timber harvest practices, and incautious irrigation withdrawal procedures, among other things. The salmon and steel head runs ranged from about 10 to 16 million fish prior to a variety of major development activities in the Columbia River Basin, beginning in the mid-19th century. The current run size averages about 2.5 million fish. According to the Northwest Power Planning Council, this indicates that basinwide losses of salmon and steelhead attributable to all causes range from 7 to 14 million fish.

The Mitchell Act of 1938 (P.L. 75-502) as amended, commits the fedral government to mitigate the impact upon fisheries of a number of factors on the Columbia River, hydroelectric development being only one factor. There is no time limit attached to this federal responsibility; it should continue as long as the dams and other federal projects continue to devastate the resource. Although recent trends indicate that progress is being made in restoring fish runs on the Columbia, they are still less than half their level prior to construction of the dams. These dams provide significant recreational, navigational, and irrigation benefits, yet BPA would only be able to assess power users under the Administrations proposal.

FEDERAL HATCHERIES MEET NATIONAL AND INTERNATIONAL RESPONSIBILITIES

The Mitchell Act hatcheries also provide benefits far beyond the limits of Oregon and Washington. Salmon originating in the Columbia River system contriubte heavily to the fishing economies of California, Alaska, and other nations. Federal hatchery activities are critical if the federal government is to fulfill its obligations to the region's Indian tribes and to the Canadian government under the U.S.-Canada Pacific Salmon Treaty. In addition to federal dams, the federal treaties, court decisions, and mixed results in negotiating international catch agreements have played a major role in fisheries problems we have faced in the Northwest in recent years; the federal government should help compensate for these losses.

THE NORTHWEST IS CURRENTLY PAYING ITS FAIR SHARE OF ENHANCEMENT COSTS

Under comprehensive regional fisheries planning, the lion's share of fish enhancement costs are already absorbed by the utility ratepayers of the Pacific Northwest, through BPA. In 1981, BPA spent $2.3 million to implement fisheries mitigation under the direction of the Northwest Power Planning Council. In 1984, that figure had risen to $22.7 million. In FY86, BPA will spend approximately $37 million to implement fish and wildlife programs. BPA ratepayers will be paying over $700 million over the next 20 years under the Council's program. It is clear that the residents of the Northwest are carrying their fair share of the enhancement burden; the federal government must pay its fair share also.

In conclusion, Mr. Chairman, the federal government has the legal and equitable duty to pay for its fair share of fisheries enhancement in the Northwest. The region is already paying for most of these costs and the federal government should meet its obligation to enhance this vital fisheries resource. I urge the committee to restore full funding for the Columbia River hatchery program.

STATEMENT OF THE HONORABLE ROD CHANDLER
BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE AND JUDICIARY
APRIL 9, 1986

Mr. Chairman, I want to thank you and the members of this Subcommittee for the opportunity to testify on the devastating impact the Administration's proposed budget for the National Oceanic and Atmospheric Administration (NOAA) could have on the Pacific Northwest fishing industry.

Over the past several years, as this Administration has attempted to make severe budget reductions in fisheries resource programs, I have come before the Subcommittee asking that you reject these cuts. I am grateful to acknowledge that you have rejected the Administration's approach and very much appreciate the strong support this Subcommittee has given to NOAA.

Clearly, the need to trim the federal deficit is great. No one shares the Administration's goal of reducing expenditures more than I. However, in this instance, we are talking about eliminating programs which will yield returns to the people of the Pacific Northwest and the nation many times over. This kind of government involvement is an investment that makes sense and should be defended.

I do not expect, nor am I asking, that this Subcommittee increase funding for these programs. But it is my hope that the committee will continue to fund NOAA fisheries programs at least at the Fiscal Year 1986 levels. I truly believe that it is in the best interests of our nation that we continue to provide sustained levels of federal funding for the National Sea Grant College program, the Anadromous Fisheries Conservation Act, U.S. obligations under the U.S. - Canada Salmon Interception Treaty, the Saltonstall-Kennedy grants, the National Marine Fisheries Service, the Coastal Zone Management State Grant program, the salmon vessel buy-back program and the Commercial Fisheries Research and Development Act.

Mr. Chairman, in conclusion, I appreciate the opportunity to appear before you today and would like to commend you for the thorough hearing process which you are undergoing in order to develop your appropriations bill for FY 1987. I would like to say that my presence here today, along with that of my colleagues, demonstrates the bipartisan concern that these proposed cuts have generated. I urge you and the members of the Subcommittee to closely study the priorities and rationale used in the preparation of the NOAA budget for fiscal year 1987. I recommend funding at the FY 86 appropriation level.

WEDNESDAY, APRIL 9, 1986.

NOAA PROGRAMS

WITNESS

HONORABLE JOHN BREAUX, A REPRESENTATIVE FROM THE STATE OF LOUISIANA

Mr. BREAUX. Mr. Chairman, I would like to have unanimous consent to have my statement in the record. And I will just summarize it very briefly.

As usual, we deeply appreciate the work that you do in this area as well as your staff in trying to work with our Committee to wrestle with the very serious problem every year of trying to reduce spending and programs that have constituencies that would ask us all to spend more in every one of these areas, and everyone can make an excellent presentation as to why we ought to be spending more rather than less.

But I have been here 14 years now, and it looks like every time we come up, we are always wrestling with recommendations to slash spending.

My remarks deal with a recommended request for appropriations for the National Marine Fisheries Service. Our request is approximately $133 million for all of the functions, which as opposed to I guess some programs is not a great deal. But obviously when you are trying to allocate it properly among all of the categories, it becomes very difficult.

My statement is on behalf of myself as well as our ranking minority member, Don Young, who cannot be with us. He supports our statement, bipartisan statement, on behalf of the whole Committee.

I think that what the Administration has submitted to us is really a very irresponsible proposal, not so much in the numbers, but in the priorities that they try to determine. If you look at what they they are recommending specifically, they are calling for a $58.4 million or a 38 percent reduction in one year for National Marine Fisheries Service. That is after the '86 Gramm-Rudman reductions were already considered, they went out and found 38 percent more cuts to be made.

Our recommendation that we have before you, Mr. Chairman, represents a 14 percent reduction. So we have tried, I think, to be consistent with reducing spending but doing it in a manner once again that does not just do away with the programs.

I said I think the Administration's proposal is irresponsible. I don't know if they have been before you or not. You ought to question them, or at least recommend questioning, along the lines of the shift that I see in this budget which is very dramatic on the priorities of their programs. It moves away from ocean programs and it moves into weather and atmospheric work in a rather dramatic fashion, which I think is not very helpful.

Their budget slashes the ocean and coastal and fishery programs by 21 percent of the whole NOAA budget while the satellites and other atmospheric programs are allowed to capture over 66 percent of the overall budget. That is a real shift from where it has been in the past. I am not sure why.

Maybe you get a lot more attention and a lot more press from satellites and hurricanes and all those things than you do from natural resources. And whatever the reason, I think it represents a move in the wrong direction. I think it is a policy move.

We are not talking about more or less dollars, we are talking about where the limited amounts are going to be spent. So what we have presented is an alternative of that budget process which calls for a 14 percent reduction from the FY-86 levels, which will easily satisfy the Gramm-Rudman targets.

I think there are at least two priorities, Federal functions, that we need to look at. First is the function of the applied scientific research, taking this research and putting it to use in the area of conserving and managing our fish resources and habitats that they come from. Our recommendation is that $93.5 million or 70 percent of our budget proposal for the operations research and facilities account is targeted in this area and represents a net restoration of $28.1 million or nearly all of the Administration's proposed reductions in this area. This is what the authorizing Committee recommends as the priority in keeping with, I think, sound management.

The second priority that we recommend for consideration is that of the actual implementation and the enforcement of the existing laws. And this we are talking about of course the work that they already do, the work that the regional fisheries management counsel along with the State Department and the Coast Guard do in the enforcement area.

What we are recommending in this priority, the implementation area is $33.9 million, and that represents a reduction from last year of 18 percent. We are recommending an increase in the first priority, 18 percent reduction in the second priority. It does include despite the overall reduction in this area, it recommends a 10 percent enhancement to the budget for the regional councils.

The regional councils, we have had them level funded for several years. They were frozen. I think it is now important enough that we give them an increase this year. We are making that recommendation.

The final priority is direct industry development assistance programs. Our proposal somewhat de-emphasizes this area because we believe in the fishing industry in this country. We recognize that our trade deficit in this area is $5 billion more imported fish than we are producing here in this country to meet the needs.

But we believe that we should be cautious to ensure that the Federal assistance in the development program is strictly limited to where there is a well demonstrated benefit from it and it is clear that there will be no private action in that area. If there is private action, we support private action. If there is not going to be any private initiative in these areas, if you can show there will be demonstrated benefits, there is a legitimate role for Federal help and assistance.

Only 18.7 million or 12.7 percent of our total appropriation will be in this area.

Last comment, because of the help of our people and you, Mr. Chairman, and others, programs like the Marine program and

Seamat program and research vessels are now just beginning to locate literally millions and millions of tons of new products in the Gulf of Mexico. Foreign countries are now coming to us saying, look, we now know what you have and we are interested in locating in your area, to build fish processing plants.

And our attitude is, look, if you want the products of this country, you are going to have to come get them over here. We are just not going to let you, you know, pick them up, put them in a box and take them to your country. If you want the resources of the Gulf and other areas, why not come and build a plant with our people in this country and process and pack and market and export those products from the United States instead of doing it in the reverse order.

So that is the last category that I would ask for continued consideration. And, of course, we have attached to our statement a detailed summary of the numbers that may be helpful in looking at.

[Statement follows:]

STATEMENT OF HONORABLE JOHN BREAUX
IN REGARD TO
NATIONAL MARINE FISHERIES SERVICE FY 87 BUDGET
BEFORE THE SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE AND JUDICIARY
APRIL 9, 1986

Mr. Chairman, I would like to thank you for once again providing me with the opportunity to present to your distinguished Subcommittee the recommendations of the Subcommittee on Fisheries and Wildlife Conservation and the Environment for the FY 87 budget of the National Marine Fisheries Service. As Chairman of the Subcommittee, I am also presenting recommendations today on behalf of my friend and colleague from Alaska, the Honorable Don Young, who is our Subcommittee's ranking member. It is my understanding that Mr. Young regrets he is unable to be here today as well, but that he will be submitting a statement for the record in support of our proposal.

As you have come to expect, the Subcommittee has again taken very seriously its responsibility to analyze the NMFS budget and bring to you only the most credible funding recommendations. Speaking on behalf of the entire Subcommittee, I'd like to express our appreciation for your cooperation and recognition of our efforts over the years as they have been largely reflected in your own appropriations proposals. I think you will agree that this has become a very constructive process that warrants our continued cooperation.

It is with a great sense of purpose that I bring to you today our efforts to preserve and shape an oceans program in the federal government. Once again this Administration has ignored the policies and intent of Congress to maintain a modest but strong program of research, development and management of the oceans by again submitting a very irresponsible budget proposal for NOAA. With specific reference to the National Marine Fisheries Service, the President has called for a $58.4 million or 38 percent cut--and that's already taking into account FY 86 Gramm-Rudman reductions.

In reviewing the President's proposal, I think you will find a very perceptable shift in emphasis away from the oceans and toward atmospheric programs involving satelites and the weather service. In fact, the President's FY 87 budget proposal slashes the ocean, coastal and fisheries programs to only 21 percent of the NOAA budget while satelites and other atmospheric programs were allowed to capture over 66 percent of the NOAA budget.

Because satelites and weather are relatively high-visibility programs with broad constituencies, the Administration may perceive this to be a very clever and politic approach to produce a "popular" budget. Ocean programs tend to be more scientific and management in nature and so lack the sexy media coverage that hurricanes complete with satelite photographs provide. Apparently, this high-tech sparkle has seduced the media-concious

Reagan Administration to the extent that they are willing to abandon the oceans. This isn't Hollywood, however, and so I respectfully ask for your support to maintain a strong and necessary federal presence in fisheries research, management and development.

Mr. Chairman, I and my colleague Don Young have prepared an alternative to the President's approach which we would like you and the Subcommittee to consider. It is bipartisan, and it calls for a 14 percent reduction from the FY 86 adjusted level which will easily satisfy Gramm-Rudman responsibilities.

As in the past, our proposal this year reflects the fact that, above all, we are staunch supporters of the policy of this Congress to properly conserve and manage this nation's living marine resources and to aggressively pursue the full utilization of our vast fishery resources. At the same time, however, we clearly appreciate the merit of a larger economic strategy that addresses the federal budget deficit in part through more thoughtful government spending. Without question, there are many areas of federal spending which are wasteful, duplicative and inappropriate. But, you and I both know that the fat is not in this agency. Our two Subcomittees have worked hard together to evaluate NMFS programs in great detail, and I do not hesitate to say that together we have done an outstanding job in weeding out the waste and developing a well-founded direction for this agency. Therefore, I think you will feel very comfortable with the proposal I am submitting to you today.

Without getting into great detail, there are two priority federal functions that NMFS must maintain and in some cases expand if we are to be able to come forward with a defensible budget. First, is the function of applied scientific research in direct support of federal conservation and management decisions regarding protected species, fishery resources, and critical habitat. All of these functions fall under the Information, Collection and Analyses, and the State Grants sections of the NMFS budget.

The product of NMFS research and data analysis is fundamental to the implementation of what is very clear U.S. policy to maintain, on a continuing basis, an optimum yield from our fishery resources, and to protect threatened and endangered marine species from further harm. $93.5 million, or 70 percent of our budget proposal for the Operations, Research and Facilities (ORF) Account is targeted in this area which represents a net restoration of $28.1 million, or nearly all of the Administration's proposed reduction.

Significant reallocations of funds were made within this area, however. Reductions were possible in some areas by prioritizing funding in the order of (1) fishery research; (2) habitat research; and (3) protected species research. Restorations and enhancements in other areas were justified as follows; (1) basic resource information on latent fishery resources is necessary for development and utilization; (2) as more fisheries come under conservation and management more supporting research becomes necessary; and (3) we have found that inadequate funding of research has reduced the quality of management of certain fisheries resulting in damage to the resource and the industry.

The second of the priority NMFS functions is the actual implementation of U.S. conservation and management policy. Both NMFS and the Regional Fishery Management Councils along with the State Department and the U.S. Coast Guard participate in an extensive program to develop, implement and enforce plans to manage domestic and foreign fishing within the U.S. Exclusive Economic Zone. In addition, NMFS has significant legislative mandates regarding the conservation and management of protected species as well as habitat critical to fishery resource production. The Conservation and Management Operations section of the NMFS budget supports the roles of NMFS and the Regional Councils in these processes.

The proposal before you recommends $33.9 million in this area which represents an 18 percent net reduction from FY 86. As before, certain reductions were achieved by prioritizing activities in the following order; (1) fishery resource conservation and management; (2) habitat conservation and management, and (3) protected species conservation and management. It should be noted that this section does include a 10 percent enhancement to the operating budget of the Regional Councils which has been frozen for several years. In addition, an important savings of $8.2 million is proposed through the transfer of funding responsibility to Northwest hydroelectric power users for the operation and maintenance of the 22 Columbia River hatcheries now funded by NMFS. As you know, this Committee is pursuing a larger policy to consolidate all federal hatchery operations under a single, efficient, national system much like the Wildlife Refuge of National Park Systems and to generate revenue from various user groups. We look forward to you support of this important initiative.

Mr. Chairman, we feel the third priority of the NMFS mission is that of direct industry development assistance programs and, therefore, our proposal somewhat deemphasizes this area. We firmly believe in the U.S. fishing industry, but we also believe that the long term economic stability of this industry lies in independence, not dependence on direct federal assistance. Facing an expanding trade deficit which reached $5.0 billion last year in fishery products alone it is not hard to argue that developing our latent fishery resources is in the best interest of our Nation's economic stability and that federal assistance is very appropriate in this area. However, we believe we should be cautious to ensure that federal assistance in such development is strictly limited to where there are well demonstrated benefits and it is clear no private initiatives will occur. Only $18.7

million, or 12.7 percent, of our total appropriations proposal would be applied in this area of which nearly all is for research and development and none is for operating subsidies. Furthermore, nearly all of these programs are self-generating user fees. Of particular note is the Saltonstall-Kennedy or "S-K" Program which supports important fisheries development projects but is paid for entirely by tariffs collected on imported fish.

Mr. Chairman, before I conclude my remarks I would like to raise one area which is of particular concern to me; one that I think you will appreciate. In states like ours with agricultural or oil based economies, jobs are the key. We are all actively searching for ways to diversify our economies and bring in new business opportunities. In most coastal economies, and I can cite my own State of Louisiana as the primary example, fisheries can provide a very important alternative for the agricultural and oil and gas development labor force. In the Gulf region, however, this labor shift cannot easily occur because, although we generally know there are vast untapped fish resources in the Gulf of Mexico, no one knows how, when or where to catch them. To date, the Gulf region was virtually ignored by federal research efforts to explore and develop underutilized species.

With your generous cooperation, however, this long awaited but necessary research is now finally underway this year. Programs like MARFIN, SEAMAP, and funds to support operation of the Research Vessel CHAPMAN are just now beginning to locate literally millions of tons of harvestable Gulf fishery resources--but the work is barely in its infancy. Literally, we are just beginning to scratch the surface of what lies under the Gulf of Mexico. A complete fisheries research and development program in the Gulf should yield tens of thousands of new jobs in the seafood harvesting, processing, distribution and marketing industries--the same jobs that were lost to foreign competition in other industries. At $10 a barrel oil prices and rampant farm foreclosures, fisheries development in the Gulf region is not just a curiosity, it must be a central feature of our economic planning for the future. With all of the billions of dollars going to aid foreign nations to develop and expand their ailing economies, I cannot stress enough how important I feel it is for you to keep these modest but critical programs going at realistic funding levels.

Mr. Chairman, this concludes my remarks and I thank you all for your time. As always, I have provided a detailed summary of our recommendations for your convenience and review. I would be happy to respond to any questions you may have and, of course, my staff is always available to work with you and your fine Subcommittee staff.

INFORMATION COLLECTION AND ANALYSIS/RESOURCE INFORMATION

(in thousands of dollars)

FY 86 APPROP	FY 86 ADJUSTED	FY 87 ADMIN REQUEST	SUBCOM REQUEST	SUBCOM CHANGE FROM ADMIN (+-)
$68,115	$65,177	$42,807	$60,598	+$17,791

Program Description

Scientific data and information about renewable resources, including fish, marine mammals, endangered species, and their habitats, is collected. The information generated provides a basis for the conservation and management of living marine resources and their habitats. Federal decisions required by law cannot be made without adequate resource information.

Recommendation

Using the Administration's proposal of $42,807 as a base, the recommendation of $60,598 includes the following:

1. Restore $1,686 for resource surveys.

2. Restore $5,133 for habitat research.

3. Restore $2,372 for stock enhancement and disease research (aquaculture).

4. Restore $900 for turtle and bowhead whale protected species research.

5. Restore 1,000 $500 for SEAMAP.

6. Restore $200 for PCB research.

7. Restore $1,000 for habitat evaluation methodology.

8. Restore $750 for Chesapeake Bay studies.

9. Restore $200 for Atlantic Salmon research.

10. Restore $3,500 for MARFIN (+$650 enhancement).

11. Restore $3,350 for salmon enhancement.

Reductions

1. Reduce (terminate) $800 from dolphin monitoring (new Administration proposal).

2. Reduce $1,000 from salmon treaty research (leaves $11,000).

INFORMATION COLLECTION AND ANALYSIS/FISHERY INDUSTRY INFORMATION

(in thousands of dollars)

FY 86 APPROP	FY 86 ADJUSTED	FY 87 ADMIN REQUEST	SUBCOM REQUEST	SUBCOM CHANGE FROM ADMIN (+-)
$8,932	$8,547	$5,927	$8,547	+$2,620

Program Description

Information is collected on commercial and recreational harvesting, processing, and marketing of living marine resources from foreign and domestic fishing vessels. Surveys are conducted on fishermen, records of landings, and onshore fishery facilities through cooperation with the states, foreign governments, and the commercial and recreational fishing industry. Effective Federal decisions regarding the conservation and management of living marine resources cannot be made without this information.

Recommendation

Using the Administration's proposal of $5,927 as a base, the recommendation of $8,547 includes the following:

1. Restore $2,620 for fisheries industry information to FY 86 adjusted appropriations level.

INFORMATION COLLECTION AND ANALYSIS/ INFORMATION ANALYSIS AND DISSEMINATION

(in thousands of dollars)

FY 86 APPROP	FY 86 ADJUSTED	FY 87 ADMIN REQUEST	SUBCOM REQUEST	SUBCOM CHANGE FROM ADMIN (+-)
$17,980	$17,205	$16,691	$17,205	+$514

Program Description

Biological, environmental, economic, and statistical information concerning living marine resources is analyzed to identify changes in the abundance of various species, assess the status of stocks of significant commercial or recreational value, identify the inter-relationships and consequences of natural and human-induced changes in the marine environment, and determine the economic status, trends, and impacts associated with living marine resources under different harvest levels.

Recommendation

Using the Administration's proposal of $16,691 as a base, the recommendation of $17,205 includes the following:

1. Restore $514 for information analysis and dissemination to FY 86 adjusted appropriations level.

CONSERVATION AND MANAGEMENT OPERATIONS/FISHERIES MANAGEMENT PROGRAM

(in thousands of dollars)

FY 86 APPROP	FY 86 ADJUSTED	FY 87 ADMIN REQUEST	SUBCOM REQUEST	SUBCOM CHANGE FROM ADMIN (+-)
$26,686	$25,535	$13,834	$18,134	+$4,300

Program Description

This line item provides the funds for actual preparation, implementation, and enforcement of conservation and management measures needed to achieve a continued optimum use of living marine resources.

Recommendation

Using the Administration's proposal of $13,834 as a base, the recommendation of $18,134 includes the following:

Restorations

1. Restore $4,300 to support the Regional Fishery Management Councils (net $800 enhancement).

CONSERVATION AND MANAGEMENT OPERATIONS/PROTECTED SPECIES MANAGEMENT

(in thousands of dollars)

FY 86 APPROP	FY 86 ADJUSTED	FY 87 ADMIN REQUEST	SUBCOM REQUEST	SUBCOM CHANGE FROM ADMIN (+-)
$3,660	$3,502	$3,718	$3,502	-$216

Program Description

This line item provides funds for NMFS programmatic responsibilities under the Marine Mammal Protection Act and Endangered Species Act, as well as responsibilities under the International Whaling Convention and the Convention on Conservation of North Pacific Fur Seals.

Recommendation

Using the Administration's proposal of $3,718 as a base, the recommendation of $3,502 includes the following:

Reductions

Reduce $216 from protected species management to FY 86 adjusted appropriations level.

CONSERVATION AND MANAGEMENT OPERATIONS/HABITAT CONSERVATION

(in thousands of dollars)

FY 86 APPROP	FY 86 ADJUSTED	FY 87 ADMIN REQUEST	SUBCOM REQUEST	SUBCOM CHANGE FROM ADMIN (+-)
$5,311	$5,082	$3,059	$5,082	+$2023

Program Description

This line item provides funding for NMFS efforts to provide information and recommendations regarding the environmental impacts of proposed habitat alteration projects by other Federal agencies. NMFS conducts these activities pursuant to the Fish and Wildlife Coordination Act, the National Environmental Policy Act, and the Clean Water Act.

Recommendation

Using the Administration's proposal of $3,059 as a base, the recommendation of $5,082 includes the following:

Restorations

1. Restore $2,023 for habitat conservation to FY 86 adjusted appropriations level.

CONSERVATION AND MANAGEMENT OPERATIONS/ENFORCEMENT AND SURVEILLANCE

(in thousands of dollars)

FY 86 APPROP	FY 86 ADJUSTED	FY 87 ADMIN REQUEST	SUBCOM REQUEST	SUBCOM CHANGE FROM ADMIN (+-)
$7,567	$7,241	$7,689	7,241	-$448

Program Description

This line item provides NMFS funding for enforcement activities undertaken pursuant to the Fishery Conservation and Management Act, Marine Mammal Protection Act, Endangered Species Act and other federal statutes and international agreements relating to living marine resources.

Recommendation

1. Using the Administration's proposal of $7,689 as a base, the recommendation of $7,241 includes the following:

Reductions

1. Reduce $448 from enforcement and surveillance to FY 86 adjusted appropriations level.

STATE AND INDUSTRY ASSISTANCE PROGRAMS/GRANTS TO STATES
COMMERCIAL FISHERIES RESEARCH AND DEVELOPMENT ACT

(in thousands of dollars)

FY 86 APPROP	FY 86 ADJUSTED	FY 87 ADMIN REQUEST	SUBCOM REQUEST	SUBCOM CHANGE FROM ADMIN (+-)
$4,250	$4,067	-0-	$4,067	+$4,067

Program Description

The Commercial Fisheries Research and Development Act (P.L. 88-309) provides matching funds to the states for research on, and the development of, commercial fishery resources.

Recommendation

Using the Administration's proposal of $0 as a base, the recommendation of $4,067 includes the following:

Restorations

1. Restore $4,067 for Commercial Fisheries Research and Development to FY 86 adjusted appropriations level.

STATE AND INDUSTRY ASSISTANCE PROGRAMS/GRANTS TO STATES
SECTION 4 OF THE ANADROMOUS FISH CONSERVATION ACT

(in thousands of dollars)

FY 86 APPROP	FY 86 ADJUSTED	FY 87 ADMIN REQUEST	SUBCOM REQUEST	SUBCOM CHANGE FROM ADMIN (+-)
$2,750	$2,631	-0-	$2,631	+$2,631

Program Description

Section 4 of the Anadromous Fish Conservation Act (P.L. 89-304) provides matching funds to states for research which facilitates the conservation, development, and enhancement of U.S. anadromous fishery resources.

Recommendation

Using the Administration's proposal of $0 as a base, the recommendation of $2,631 includes the following:

Restorations

1. Restore $2,631 for Anadromous Fish Conservation to FY 86 adjusted appropriations level.

STATE AND INDUSTRY ASSISTANCE PROGRAMS/GRANTS TO STATES
SECTION 7 OF THE ANADROMOUS FISH CONSERVATION ACT

(in thousands of dollars)

FY 86 APPROP	FY 86 ADJUSTED	FY 87 ADMIN REQUEST	SUBCOM REQUEST	SUBCOM CHANGE FROM ADMIN (+-)
$500	$478	-0-	$478	+$478

Program Description

Section 7 of the Anadromous Fish Conservation Act (P.L. 89-304) supports an emergency study of the decline of the striped bass on the East Coast of the United States.

Recommendation

Using the Administration's proposal of $0 as a base, the recommendation of $478 includes the following:

Restorations

1. Restore $478 for Striped Bass Research to FY 86 adjusted appropriations level.

STATE AND INDUSTRY ASSISTANCE PROGRAMS/FISHERIES DEVELOPMENT PROGRAM

(in thousands of dollars)

FY 86 APPROP	FY 86 ADJUSTED	FY 87 ADMIN REQUEST	SUBCOM REQUEST	SUBCOM CHANGE FROM ADMIN (+-)
$12,702	$12,154	$2,964	$5,500	+$2,536

Program Description

Under this program, NMFS (1) provides information and services to assist the U.S. fishing industry to gain access to foreign and international markets for U.S. products, (2) provides services and conducts research on the safety, quality, and public health impediments to the full utilization of U.S. fishery resources, and (3) supplements the cost to the industry of the voluntary seafood inspection program.

Recommendation

1. Using the Administration's proposal of $2,964 as a base, the recommendations of $5,500 includes the following:

Restorations

1. Restore $1,500 for fisheries development research and services to support fisheries trade research and services.

2. Restore $3,000 for product quality and safety research to support ongoing surimi research at Charleston, S.C., Pascagoula, Miss., and Kodiak, Alaska.

3. Restore $1,000 for Gulf Underutilized Species Research to support the operation of the R/V Chapman.

STATE AND INDUSTRY ASSISTANCE PROGRAMS/ FINANCIAL SERVICES PROGRAM ADMINISTRATION

(in thousands of dollars)

FY 86 APPROP	FY 86 ADJUSTED	FY 87 ADMIN REQUEST	SUBCOM REQUEST	SUBCOM CHANGE FROM ADMIN (+-)
$656	$628	-0-	$628	+$628

Program Description

Under this program, NMFS administers financial services programs which assist the U.S. fishing industry to fully utilize U.S. fishery resources through the Capital Construction Fund (CCF), the Fisheries Loan Fund (FLF), and the Vessel Construction Subsidy Program.

Recommendation

Using the Administration's request $0 as a base, the recommendation of $628 includes the following:

Restorations

1. Restore $628 for Financial Services Program Administration to FY 86 adjusted appropriations level.

FOREIGN FISHING OBSERVER FUND

(in thousands of dollars)

FY 86 APPROP	FY 86 ADJUSTED	FY 87 ADMIN REQUEST	SUBCOM REQUEST	SUBCOM CHANGE FROM ADMIN (+-)
$4,500	$4,306	$2,000	$2,000	-0-

Program Description

Foreign fishing vessels operating in the U.S. Fishery Conservation Zone (FCZ) are assessed a special fee which is deposited in this Fund to pay for the cost of placing U.S. observers aboard those vessels. A supplementary observer program under which foreign fishing vessel owners can contract for U.S. observers can be implemented to the extent appropriations are not sufficient.

Recommendation

The Committee agrees with the Administration's proposal. The intent of the National Marine Fisheries Service is to contract out certain observer programs on the East Coast as has been done successfully on the West Coast and in Alaska. This effort should be continued.

FISHERMEN'S GUARANTY FUND

(in thousands of dollars)

FY 86 APPROP	FY 86 ADJUSTED	FY 87 ADMIN REQUEST	SUBCOM REQUEST	SUBCOM CHANGE FROM ADMIN (+-)
$3,000	$2,871	$1,800	$1,800	-0-

Program Description

U.S. distant water fishermen may pay a special fee which is deposited in this Fund and is used to compensate losses incurred by such fishermen as a result of seizures which are made by countries on the basis of jurisdictional claims not recognized by the U.S.

Recommendation

Concur with the Administration's recommendation that administration of this Fund be transferred to the Department of State.

FISHERMEN'S CONTINGENCY FUND

(in thousands of dollars)

FY 86 APPROP	FY 86 ADJUSTED	FY 87 ADMIN REQUEST	SUBCOM REQUEST	SUBCOM CHANGE FROM ADMIN (+-)
$750	$718	-0-	$750	+$750

Program Description

The U.S. oil and gas industry operating on the Outer Continental Shelf is assessed a special fee which is deposited into this Fund and is used to compensate U.S. fishermen for damage to their vessels and gear caused by such OCS exploration and development activities.

Recommendation

Reject the Administration's proposal to terminate the program and restore $750 to the FY 86 appropriations level. The Administration has embarked on a program to increase Outer Continental Shelf leasing off the United States. While many members support the Administration's efforts in this regard, they also recognize that an accelerated leasing program could lead to continued gear conflicts with U.S. fishermen. Because this program is funded by fees paid from private industry, there is no reason to terminate the program.

FISHING VESSEL AND GEAR DAMAGE COMPENSATION FUND

(in thousands of dollars)

FY 86 APPROP	FY 86 ADJUSTED	FY 87 ADMIN REQUEST	SUBCOM REQUEST	SUBCOM CHANGE FROM ADMIN (+-)
-0-	-0-	-0-	-0-	-0-

Program Description

Pursuant to Section 10 of the Fishermen's Protective Act, foreign fishing vessels operating in the U.S. Fishery Conservation Zone (FCZ) are assessed a special fee which is deposited in this Fund and used to compensate U.S. fishermen for damage to their vessels and gear caused by foreign and domestic fishing activities.

Recommendation

Reject the Administration's proposal to terminate this program and transfer unobligated balances to the General Treasury restore remaining unobligated funds to carry out this program.

FISHERIES LOAN FUND

(in thousands of dollars)

FY 86 APPROP	FY 86 ADJUSTED	FY 87 ADMIN REQUEST	SUBCOM REQUEST	SUBCOM CHANGE FROM ADMIN (+-)
-0-	-0-	-0-	-0-	-0-

Program Description

Foreign fishing vessels operating within U.S. fisheries jurisdiction are assessed a special fee which is deposited in this Fund and is used, subject to appropriations, to assist U.S. fishermen and processors in danger of defaulting on their vessel or shoreside processing facility mortgages. First priority is given to fishermen with Federal loan guarantees under the Title XI program, the second priority is given to fishermen with non-Federal loan guarantees, and third priority is to assist any fishermen incurring a net operating loss with the payment of operating expenses.

Recommendation

Accept Administration's proposal of $0 for the Fisheries Loan Fund but reject proposal to transfer the unobligated balance in the existing Fund to the General Treasury. The Committee is working on a number of legislative alternatives for committing these unobligated funds.

SALTONSTALL-KENNEDY FUND (S-K)
(Promote and Develop Fishery Products and Research

(in thousands of dollars)

FY 86 APPROP'	FY 86 ADJUSTED	FY 87 ADMIN REQUEST	SUBCOM REQUEST	SUBCOM CHANGE FROM ADMIN (+-)
$8,007	$7,663	-0-	$8,000	+$8,000

Program Description

Each year, thirty percent of the tariffs collected on imported fishery products are deposited in the S-K Fund. S-K funds are then used to support NMFS research and, through grants, industry research on U.S. product quality, gear technology, and market development in an effort to expand the U.S. fishing industry and to offset the U.S. trade deficit in fishery products.

Recommendation

Restore $8 million for Saltonstall-Kennedy industry grants and transfer remaining FY 87 receipts to the General Treasury.

FEDERAL SHIP FINANCING FUND
(GUARANTEED LOAN LIMITATION)

(in thousands of dollars)

FY 86 APPROP	FY 86 ADJUSTED	FY 87 ADMIN REQUEST	SUBCOM REQUEST	SUBCOM CHANGE FROM ADMIN (+-)
-0-	-0-	-0-	-0-	-0-

Program Description

This program provides federal guarantees for long-term, low interest loans of private capital for the construction or reconstruction of fishing vessels or shoreside processing facilities thereby facilitating the development of the U.S. fishing industry.

Recommendation

The Fishing Vessel Obligation Guarantee Program has a statutory cap of $850 million in guarantees. In FY '86, a lower cap of $35 million was approved through appropriations acts. As adjusted, this cap now equals $33.495 million. The Administration proposes to issue no new guarantees and to terminate the program. Recommend that the program be continued but that guarantees only be issued for reconstruction of vessels and processing facilities to allow for the further development of underutilized fisheries pursuant to the policies and purposes of the Fishery Conservation and Management Act.

INTERNATIONAL FISHERIES COMMISSIONS

Program Description

These funds are used to pay the United States' share of the expenses of 12 international fishery commissions, one international oceans council, and the expenses of the respective commissioners. The commissions either conduct orplan and coordinate studies to determine measures necessary for the preservation and expansion of the productivity of fishery stocks. In addition, the Halibut and Pacific Salmon Commissions regulate these respective fisheries; the Great Lakes Fishery Commission carries on a program of lamprey eradication and control; and all the commissions are authorized to recommend conservation measures to the member governments. The oceans council proposes and organizes fishery and ocanographic investigations and disseminates the results to the member governments.

Recommendation

Accept Administration's proposal.

INTERNATIONAL FISHERIES

(in thousands of dollars)

	FY 86 APPROP	FY 86 ADJUSTED	FY 87 ADMIN REQUEST	SUBCOM REQUEST	SUBCOM CHANGE FROM ADMIN (+–
I. INTERNATIONAL FISHERIES COMMISSIONS					
A. Pacific Halibut	792	721	792	792	-0-
B. Pacific Salmon Fisheries	-0-	444	-0-	-0	-0-
C. Inter-American Tropical Tuna	2,788	2,538	2,788	2,788	-0-
D. International Whaling	57	55	57	57	-0-
E. North Pacific Fisheries	107	102	107	107	-0-
F. Great Lakes Fishery	4,712	4,532	4,712	4,712	-0-
G. North Pacific Fur Seal	10	12	10	10	-0-
H. Conservation of Atlantic Tunas (ICCAT)	68	65	68	68	-0-
I. Northwest Atlantic Fisheries	48	60	48	48	-0-
J. U.S./Canada Pacific Salmon Commission	2,256	2,129	2,256	2,256	-0-
K. Conservation of Antarctic Marine Living Resources	50	48	50	50	-0-
L. North Atlantic Salmon Conservation	12	11.5	12	12	-0-
M. Council for the Exploration of the Sea	56	54	56	56	-0-
N. Expenses of U.S. Commissioners	44	42	44	44	-0-

See page 20 for program description and recommendations.

SUBCOMMITTEE ON FISHERIES AND WILDLIFE CONSERVATION AND THE ENVIRONMENT
DEPARTMENT OF COMMERCE/NATIONAL MARINE FISHERIES SERVICE
FY 86 BUDGET

(in thousands of dollars)

	1986 APPROP	1986 ADJUSTED APPROP. *	FY 87 ADMIN REQUEST	SUBCMTE REQUEST	SUBCMTE CHANGE FROM ADMIN. REQUEST
I. OPERATIONS, RESEARCH, AND FACILITIES MARINE FISHERY RESOURCE PROGRAMS	$162,109	$155,118	$96,689	$133,613	+36,924
A. INFORMATION COLLECTION AND ANALYSIS	95,027	90,929	65,425	86,350	+20,925
1. RESOURCE INFORMATION	68,115	65,177	42,807	60,598	+17,791
2. FISHERY INDUSTRY INFORMATION	8,932	8,547	5,927	8,547	+2,620
3. INFORMATION ANALYSIS AND DISSEMINATION	17,980	17,205	16,691	17,205	+ 514
B. CONSERVATION AND MANAGEMENT OPERATIONS	43,224	41,360	28,300	33,959	+5,659
1. FISHERY MANAGEMENT PROGRAMS	26,686	25,535	13,834	18,134	+4,300
2. PROTECTED SPECIES MANAGEMENT	3,660	3,502	3,718	3,502	- 216
3. HABITAT CONSERVATION	5,311	5,082	3,059	5,082	+2,023
4. ENFORCEMENT AND SURVEILLANCE	7,567	7,241	7,689	7,241	- 448
C. STATE AND INDUSTRY ASSISTANCE PROGRAM	23,858	22,829	2,964	13,304	+10,340
1. GRANTS TO STATES	10,500	10,047	0	7,176	+7,176
2. FISHERIES DEVELOPMENT	12,702	12,154	2,964	5,500	+2,536
3. FINANCIAL SERVICES ADMINISTRATION	656	628	0	628	+ 628
II. SPECIAL ACCOUNTS					
A. FOREIGN FISHING OBSERVER FUND	4,500	4,306	2,000	2,000	0
B. FISHERMEN'S GUARANTY FUND	3,000	2,871	1,800	1,800	0
C. FISHERMEN'S CONTINGENCY FUND	750	718	0	750	+ 750
D. FISHING VESSEL AND GEAR DAMAGE COMPENSATION	0	0	0	0	0
E. FISHERIES LOAN FUND	0	0	0	0	0
F. SALTONSTALL-KENNEDY FUND	8,007	7,663	0	8,000	+8,000
G. FEDERAL SHIP FINANCING FUND	0	0	0	0	0

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* Reflects March 1, 1986 Gramm--Rudman reduction (4.3 percent)

Mr. SMITH. You did not say anything about fees. Is there a proposal to increase fees?

Mr. BREAUX. Let me ask Counsel. Why do you not come up here. This is Mr. Delaney, counsel for the Subcommittee.

Mr. DELANEY. Pleasure to be here, Mr. Chairman.

The Administration has recommended that the foreign fishing fees in what has originated in the fund be transferred out of that fund and released to the general Treasury as a general offset. The Subcommittee and Committee have recommended against that proposal to maintain an obligated fund until such time as both House and Senate committees are able to resolve the best purpose for those funds.

Mr. SMITH. Okay. Now, how about the Fishermen's Contingency Fund?

Mr. DELANEY. As you know, this is collected from the oil and gas industry. The Administration has proposed the termination of that program. I am not sure why because it is revenue constrained and goes back out to the fishing industry for gear loss. Again, the Committee has recommended to maintain that program at the same level of FY-86.

Mr. SMITH. What about the budget committee, how are they treating this $200 million?

Mr. DELANEY. I am not aware of any instructions that the Committee is facing. But that is a definite possible. It is a large sum of money.

Mr. SMITH. I mention that because I heard that they are considering trying to do some of their budget balancing with fees. Well, if they do, it puts this Committee in a bad spot.

Mr. BREAUX. You're exactly right. This Committee, I think probably as much as any Committee in Congress, to finance programs that come under our jurisdiction, we have a constituency out there that is willing to be taxed extra and special as a result—in order to get a particular purpose accomplished. The Wallop-Breaux Fund, which is a tax on fishing gear.

The Administration supported it. And then after we got it passed, they wanted to take all the money and use it to balance the budget. The same thing on some of these other contingency programs which were designed for a particular purpose, they now look at the money and say, oh, that is good, we are now going to balance the budget with it.

Foreign fishing fees is just that, used to be compensated for the loss of the natural resource by foreign countries. And that money I feel should be used to improve fishing opportunties in this country. And they want to use it to balance the budget again.

Mr. SMITH. Also this Fishermen's Gear Compensation Fund. Is there a proposal to transfer?

Mr. BREAUX. Let me ask Counsel to comment on it.

Mr. DELANEY. That is a proposed transfer to the State Department, which already handles another part of that program. There are two separate aspects to compensate fishermen for seizures in fishing zones——

Mr. SMITH. Is that budgetary impact or administrative impact?

Mr. DELANEY. It will have a budgetary impact. I believe it will be a reduction in that net amount from that appropriations outlays.

But it will be just simply transferred to another area of the budget. So it is a wash.

Mr. **Smith**. So overall it does not have a budgetary impact?

Mr. **Delaney**. That's correct.

Mr. **Smith**. Okay, thank you very much.

Mr. **Breaux**. Thank you, Mr. Chairman.

Mr. **Delaney**. Thank you.

Wednesday, April 9, 1986.

USIA

WITNESS

KATE KATZKI, COUNCIL OF INTERNATIONAL PROGRAMS

Mr. **Smith**. Kate Katzki. Please proceed. Go ahead.

Ms. **Katzki**. Thank you, Mr. Chairman.

It is a pleasure to make a statement on behalf of funding efforts for education and cultural programs, which are supported by USIA.

The organization I represent as president, Council of International Programs, CIP, has maintained an active association with USIA since its creation by Congress in the late seventies. We operate a people to people educational and cultural program that has involved more than 120 countries with about 200 participants annually. In the 1980s, programs have extended, involving a greater number of countries and participants, particularly from the Third World.

Exchange organizations have developed new directions, have involved more American volunteers, and have organized associations and networks for the enhancement of U.S. exchange program endeavors. There is no doubt that exchange programs are important and welcome linkages in the enhancement of U.S. foreign policy and in the development of positive attitudes abroad about this country and its people.

Foreign alumni become good will ambassadors. Also many alumni have attained significant positions in their own country and are in considerable prominence in the governmental structures of their countries and also in the private sector, thereby having impact on attitudes of others towards this country and its policies.

The following important facts deserve consideration in future Congressional deliberations. Firstly, a constituency of many Americans support exchange financially and otherwise. Their involvement with the foreign exchange participants lends depth to programs giving new and different dimensions to the exchange experience.

Our program is an excellent example of government, private sector, and citizen cooperation. CIP spends only about $9 per day for participant, primarily due to the in-kind services of host families, of the volunteer seminar leaders and lectures, and local and national trustees.

The second fact is that voluntary funding for exchanges has increased more rapidly during the eight years than has U.S. government funding. Government must recognize that its investment in funding exchange programs reaps many fold the investment in private sector contributions.

In operating the CIP program we generate about $7 for every dollar of government support.

The third fact is related to our foreign policy interests and involves the frequency perceived discrepancy between what is reported abroad as U.S. policy and what participants in people-to-people exchanges actually come to know as facts upon having completed an exchange experience. Exchange alumni learn to see Americans as caring citizens who in general are interested in events abroad and are keen on helping to improve the living conditions of people beyond our borders. Their experience in this country impacts on what others abroad think of our country and of us as a people.

I as a representative of a major exchange program and as a private citizen understand the difficulties in which Congress finds itself with the recent passage of Gramm-Rudman-Hollings and its implications. FY-86 funding for USIA's education and cultural exchange stood at 134.5 million. This included the private sector division plus several other exchange programs.

This investment is actually minimal in relation to its benefits. It would appear to me that Congress has an interest to protect such an investment and should ensure that this portion of USIA's budget remains untouched.

For FY-87 the private sector division request budget stands only at 10.9 million, representing a decrease of 2.8 million compared with FY-86 appropriation. It is extremely important that this decrease not occur. Instead, an increase should be granted to the private sector division for FY-87 for the following reason.

USIA's private sector division has been unable to fulfill the specifications of the Pell Amendment. Thus CIP's appropriation have not doubled as the Pell Amendment specified primarily to due to the capping action of Congress during 1983 to '85. If the private sector is to fulfill its Congressional mandate, it would require modest increase from Congress for FY-87 and beyond. The benefits to be derived from such an increase have been well documented under the Pell Amendment and by those of us actively involved in Government supported corps exchange programs.

In closing, I would tell you that CIP and other exchange organizations as well applaud the very positive exchange program decisions which Congress has made in the 1980s. I hope, as I am sure do my colleagues in other programs, that Congress will not allow these gains to be jeopardized.

As Congressional representatives, your actions have reflected the interests of the American people in relation to exchanges. And I know you will continue your support of such an important facet of American foreign policy directions.

Thank you. A more detailed statement has been submitted.

Mr. SMITH. Okay. Thank you very much for a very interesting statement.

ORAL TESTIMONY OF

MRS. KATE KATZKI

PRESIDENT, COUNCIL OF INTERNATIONAL PROGRAMS

BEFORE THE

HOUSE APPROPRIATIONS SUB-COMMITTEE

ON

COMMERCE, JUSTICE, STATE, AND THE JUDICIARY

OF THE

U.S. HOUSE OF REPRESENTATIVES

APRIL 9, 1986

INTRODUCTION

It is a pleasure to make a statement on behalf of funding efforts for educational and cultural exchange programs which are supported by USIA.

The organization I represent as President - the Council of International Programs (CIP) - has maintained an active association with USIA since its creation by Congress in the late 1970's. We operate annually a people-to-people, educational and cultural program that has involved more than 120 countries, with about 200 participants annually.

In the 1980's, programs have expanded, involving a greater number of countries and participants, particularly from the Third World. Exchange organizations have developed new directions, have involved more American volunteers, and have organized associations and networks for the enhancement of U.S. exchange program endeavors.

There is no doubt that exchange programs are important and welcome linkages in the enhancement of U.S. foreign policy and in the development of positive attitudes abroad about this country and its people. Foreign alumni become good-will ambassadors for

America. Also, many alumni have attained significant positions in their own countries and are in considerable prominence in the governmental structures of their countries and also in the private sector, thereby having impact on attitudes of others toward this country and its policies.

FUTURE FUNDING CONSIDERATIONS

The following important facts deserve consideration in future Congressional deliberations:

> Firstly, a constituency of many Americans support exchanges financially and otherwise. Their involvement with foreign exchange participants lends depth to programs giving new and different dimensions to the exchange experience. Our program is an excellent example of government-private sector/citizen cooperation. CIP spends only about $9.00 per day per participant, primarily due to the in-kind services of host families, of volunteer seminar leaders and lecturers, and of local and national Trustees.
>
> The second fact is that voluntary funding for exchanges has increased more rapidly during the 1980's than has U.S. Government funding. Government must recognize that its investment in funding exchange programs reaps many-fold the investment in private sector contributions. In operating the CIP program, we generate about seven dollars for every dollar of government support.

The third fact is related to our foreign policy interests and involves the frequently perceived discrepancy between what is reported abroad as U.S. policy, and what participants in people-to-people exchanges actually come to know as facts upon having completed an exchange experience. Exchange alumni learn to see Americans as caring citizens who, in general, are interested in events abroad and are keen on helping to improve the living conditions of people beyond our borders. Their experience in this country impacts on what others abroad think of our country and of us as a people.

FUTURE FUNDING CONCERNS

I, as a representative of a major exchange program and as a private citizen, understand the difficulties in which Congress finds itself with the recent passage of Gramm-Rudman-Hollings and its implications.

FY-86 funding for USIA's educational and cultural exchanges stood at $134.5 million. This included the Private Sector Division, plus several other exchange programs. This investment is actually minimal in relation to its benefits. It would appear to me that Congress has an interest to protect such an investment and should insure that this portion of USIA's budget remains untouched.

KATE KATZKI ORAL TESTIMONY APRIL 9, 1986

For FY-87, the Private Sector Division request budget stands only at $10.9 million, representing a decrease of $2.8 million, compared with the FY-86 appropriation.

It is extremely important that this decrease not occur. Instead an increase should be granted to the Private Sector Division for FY-87 for the following reason:

> USIA's Private Sector Division has been unable to fulfill the specifications of the Pell Amendment. Thus, CIP's appropriations have not doubled, as the Pell Amendment specified, primarily due to the "capping" action of Congress during 1983-85. If the Private Sector is to fulfill its Congressional mandate, it would require a modest increase from Congress for FY-87 and beyond. The benefits to be derived from such an increase have been well documented under the Pell Amendment and by those of us actively involved in Government supported core exchange programs.

CLOSING STATEMENT

In closing, I would tell you that CIP, and other exchange organizations as well, applaud the very positive exchange program decisions which Congress has made in the 1980's.

KATE KATZKI ORAL TESTIMONY APRIL 9, 1986

I hope, as I am sure do my colleagues in other programs, that Congress will not allow these gains to be jeopardized.

As Congressional representatives, your actions have reflected the interests of the American people, in relation to exchanges, and I know you will continue your support of such an important facet of American foreign policy directions.

Kate Katzki, President
Council of International Programs
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216-861-5478

KK/jh
kkt

WEDNESDAY, APRIL 9, 1986.

U.S. TRAVEL AND TOURISM ADMINISTRATION

WITNESSES

HONORABLE BILL BONER, A REPRESENTATIVE FROM THE STATE OF TENNESSEE

HONORABLE ROBERT E. BADHAM, A REPRESENTATIVE FROM THE STATE OF CALIFORNIA

Mr. SMITH. Mr. Boner.

Mr. BONER. Mr. Chairman, I want to thank you for allowing us to be able to testify before you. As you know, I serve as Chairman of the Tourism Caucus and Bob Badham is the vice chairman of the Tourism Caucus.

Not only as a member of the Tourism Caucus, but as a member of the Appropriations Committee I appreciate the opportunity to testify today concerning funding for the U.S. Travel and Tourism Administration. We have a profound effect on our economy. Of the 20 million new jobs created in the U.S. economy in the seventies, 90 percent were in services. Tourism employees, 4.7 million Americans directly and 2.2. million Americans indirectly.

It is the second largest private employer in the nation and generates more than 51 billion a year in wages and salaries.

Correspondingly foreign visitation to this country makes tourism an extremely important export. Basically we are selling the sites of our country and major tourist attractions.

The U.S. Travel and Tourism Administration was established to increase the U.S. share of worldwide tourism receipts and to increase real earnings from foreign visitors. U.S. international tourism payments make the largest contributions to our mounting merchandise trade deficit.

Despite what appears to be an impressive total volume of visitors, the United States share of worldwide tourism receipts amounted to only 11.5 billion in 1984 compared to a total of 100 billion in the worldwide market. When you consider all the international tourists who traveled in 1984, only about 7 percent came to the United States. Likewise, of all the money spent on tourism worldwide, the U.S. captured only 12 percent of the international tourism receipts.

I believe those sad figures are a result of years of inadequate planning and the lack of a coordinated marketing campaign. We simply are not competitive with other nations. Over 175 other countries have equivalent organizations to market there nations. Yet the average funding among those countries is about four times greater than our funding for the USTTA.

Mr. Chairman, I'd like to cite some impressive statistics from other countries that enhance their proposal efforts during the years 1977 to 1981. During that five-year period, West Germany increased its tourism promotion budget by 24 percent and foreign tourism receipts increased 106 percent. France increased its budget 56 percent, and its foreign tourism receipts increased 164 percent. Spain's tourism budget increased and resulted in an 126 percent increase in receipts. Canada, almost within lockstep with the United

States in terms of exchange rates, increased its tourism promotion budget by 23 percent and its receipts from foreign visitors rows by 38 percent.

It is precisely because of the proven success of other international campaigns that so many countries have chosen to shore up their promotional budgets. These countries are light years ahead of the United States in their advertising efforts. For an example, Canada's new marketing campaign in the United States. The advertising budget alone is set at $20 million. Meanwhile, our entire agency has been funded at 12 million for the past two years.

By comparison I can tell you that USTTA is doing an outstanding job with the funds that it has. And it would be extremely shortsighted not to continue the current funding level.

I have a few brochures for the Committee members to give you as an idea of how USTTA markets the U.S. The agency has several ways of working with states, cities, and private sectors to cooperatively advertise various attractions and regions of the country.

As a result of a worldwide survey of consumer attitudes, perceptions, and preferences, USTTA chose the central theme, catch the spirit, to catch the image for the entire United States. The theme is not limited to any single areas but allows regions of the country and tourist attractions to join in the program.

One of the significant benefits of this campaign is the financial support the agency receives from the various segments of the tourism industry to help offset cost. West Germany served as its first test country for the new slogan and its first major cooperative advertising program with private sector industries. Because the country is moderately large and highly competitive, it has a strong economy and it is a non-English speaking country.

The West German response should prove to be an effective test of the workability of a universal slogan. USTTA created, developed, and coordinated the campaign with cities, states, convention and visitor bureaus, hotel chains, airlines, and major tourist attractions. The agency spent over $800,000 with the private sector contributing over 2.5 million.

On page 4 and 5 of one of the brochures that you have before you, you will see examples of the West German magazines and the advertisements that ran in these magazines. As you can see, Philadelphia, Arizona, Virginia, as well as Northwest Orient, Pan Am, Hilton Hotels are highlighted and are just a few of the examples of the groups that have joined in the campaign to promote their own destinations.

These advertisements also displayed coupons for potential visitors to use if they want additional information about a particular destination or regions of the country. After only three months of this campaign, 40,000 coupons have been returned. At the end of the campaign it is estimated that about 60,000 coupons for more information will be returned.

Based on that response, it can be assumed that about an additional 10,000 visitors from West Germany will journey to the United States. Previous studies have shown us that the West German visitor spends an average of $1,150 per visit to the U.S. If that holds true, you can assume that an additional 10,000 visitors to the United States will spend about $11.5 million on their travels around our country. It seems to me that with one advertising campaign USTTA just paid for itself.

By thumbing through the brochure you can see how the agency helps attractions target their audiences in international newspaper travel sections and how the agency effectively works with the private sector to place editorial pieces as a method of advertising and how its posters are used in foreign travel agencies to promote the idea of traveling to the U.S.

Along with this large brochure I've given you copies of folders that advertise all the various regions of the country. That brings me to what I believe is one of the Agency's most important and useful functions, assisting states and local areas so they can better tap the foreign market, in addition to their advertising each year in Washington for cities and states to inform them of new trends and consumer interest and various ways they can use the Agency's resources.

Mr. Chairman, it is no coincidence that we recently made a phone call to the Iowa Tourism Agency. They have found USTTA programs helpful. Your state's director, Judy Gilbert, told us that the state seminar held by the USTTA this year was one of the best conferences she had ever attended. With Iowa's tourism budget being 50th in the nation she said she needs all the assistance available to help promote the state as a destination of to foreign travellers.

Again, international visitors recognize the Mississippi River as a major tourism attraction but she has to get the word to those visitors that Iowa is a place to visit. Otherwise I am quite certain most foreign visitors would immediately think of the spectacular view of the Mississippi from the banks of Memphis, Tennessee.

I understand Polk County leads your state in tourism-generated business and that the two small business people of the year in Iowa are Bob and Ruth Kell, who just happen to own two river boats on the Mississippi.

Mr. Chairman, I am sure you have heard these statistics before. But I would like to point out for the record that taxes generated by tourism spending in Iowa amounted to $74 million in Federal revenues and $73 million in state revenues. Tourism in Iowa is its third largest employer.

The examples and statistics I have given you for Iowa can be duplicated all over this country. We think it is important that the state of Iowa and the 39 other states just like it where tourism is a leading employer continue to see the benefits from the promotion of America as a travel destination.

I urge you and the other members of the Committee to allow for the continued funding levels for the U.S. Travel and Tourism Administration. And I thank you for the opportunity to testify before the Subcommittee.

Mr. Chairman, I want to make one other comment that is not a part of my prepared text. And that is we are living in a time of tourism when people are willing to travel where they think it is safe, where they think they can be assured that they can land in an airport with some degree of safety. We are finding that that is not true overseas. And with acts of terrorism on the increase as they are, we feel that America has even more to offer tourists by letting them know they can come to this country and arrive here safely and leave here safely.

And most importantly, I believe that aside from all the economic benefits that we have in tourism, that it is the greatest benefactor of good will between this country and other countries and citizens around the world. Because once they come to this country, and whether they visit your state up the Mississippi or whether they come to Nashville and experience the country music that we have and Grand Ole Opry, they gain a better understanding of what America is all about.

And that good will we cannot buy in foreign aid. And that good will we cannot buy in weapons that we give to other countries. But that good will is the type of relationship that America needs to have where people can appreciate what this country is and develop a friendship with it.

Mr. Chairman, thank you for letting me come and speak before you.

Mr. SMITH. Mr. Badham.

Mr. BADHAM. Thank you, Mr. Chairman.

I too am very pleased to have the opportunity to appear before your Subcommittee today. And I join Bill Boner in supporting the continuation of current funding for U.S. travel and tourism.

For many of the same reasons he mentioned, I have long supported this agency and its purpose. As members of the Committee are aware, for two years now OMB has targeted this agency for elimination as a way to reduce the Federal budget. I most often agree with the Administration but in this instance I strongly disagree with that recommendation and the philosophy behind it.

I believe that this agency has the ability to provide economic benefit unmatched by most other Federal agency. I expressed my opposition to the OMB proposal earlier this year and I will submit for the record a copy of a letter I signed, along with 26 other Republican members, urging director James Miller to allow sufficient funding for the USTTA in recommendation to the President.

Unfortunately, that request was not approved. But I remain committed to seeking continued funding for this program.

It is equally unfortunate that the remarkable job which the Undersecretary for tourism performs is often overshadowed by this proposal to eliminate the agency. Under the able leadership of Undersecretary Donna Tuttle we have an advertising campaign and marketing strategy which is unprecedented in its size and scope.

The agency is coordinating its efforts with cities and states and it is providing valuable research. Agency field staff overseas are working to establish ties with tourism business abroad that will help send new visitors and fresh dollars into the United States. In addition to those programs, the agency serves as a member of the world tourism organization along with over 100 other countries that have governmentally funded promotional organizations.

When it comes to working government to government we need the USTTA to serve as our representative. Not only is it important to establish a presence in organizations like WTO because of the important international policies that are formulated, it is also important to the continuation of our friendly relations with other major countries of the world.

For example, the United States recently announced its plans to enter into a joint venture with Canada to research consumer attitudes and determine why foreign visitors travel to North America. USTTA and its Canadian counterpart will be conducting that research and coordinating that program. Again, this is another action which is unprecedented in its magnitude.

This campaign should be extremely useful to both nations' marketing programs. In a time when Americans, and in particular American travelers, are at greater risk because of terrorist threats and activities, USTTA is providing a vital coordinating function.

This agency has taken a major role in the condemnation of terrorist activity within the world tourism organization and the organization of economic cooperation and development at home. USTTA is working very closely with the State Department and the tourism industries in these times for our government.

I think that these are all important and useful functions that this relatively small government agency is performing for our country and its people. I believe the funds are well spent. They are necessary and they are vital to our Nation's security and to its economy.

Mr. Chairman, I thank you for this opportunity to testify. And I will be glad to respond to any questions.

And I would also add one personal note, and that is this: For a long time as not only a free trader but a free enterprise performer and devotee, I can say for a long time I have tried to promote the privatization more or less of this agency. And working with Donna Tuttle we have moved a great deal in that direction. But there must be an umbrella within the Federal government to coordinate activities, the coordinate the activities of the private sector. And this is becoming more and more effective.

The private sector is now contributing practically as much as the Federal sector in this. And I think that if we are going to move toward that, the way to do it is by continuing a modest Federal program rather than eliminating it in one foul swoop.

[Statement follows:]

Congressional Travel and Tourism Caucus
U.S. House of Representatives
H2-246
Washington, D.C. 20515
(202) 225-3935

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REP. BOB BADHAM'S REMARKS
BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE
ON COMMERCE, JUSTICE, STATE & JUDICIARY

Wednesday, April 9, 1986
H310 Capitol Building
11:00 AM

Mr. Chairman, members of the committee, I am here today to join Bill Boner in supporting the continuation of the U.S. Travel and Tourism Administration's current funding. For many of the same reasons he mentioned, I have long supported the agency and its purpose.

As members of the committee are aware, for two years now, OMB has targeted the agency for elimination as a way to reduce the federal deficit. I happen to disagree with that recommendation and the philosophy behind it. I believe this agency has the ability to provide economic benefits unmatched by most other federal agencies. I expressed my opposition to OMB's proposal earlier in the year and I would like to submit a copy of a letter I signed along with 26 other Republican members urging Director James Miller to allow sufficient funding for the USTTA in recommendations to the President. It's unfortunate that our request was not approved, but I remain committed to seeking continued funding for the program .

It is equally unfortunate that the remarkable job the Under Secretary for tourism performs is often overshawdowed by this proposal to eliminate the agency. Under the able leadership of Donna Tuttle, the agency has developed a highly successful cooperative advertising campaign and

MARKETING STRATEGY WHICH IS UNPRECEDENTED IN ITS SIZE AND SCOPE.

THE AGENCY IS COORDINATING ITS EFFORTS WITH CITIES AND STATES AND IT IS PROVIDING VALUABLE RESEARCH. AGENCY FIELD STAFF OVERSEAS ARE WORKING TO ESTABLISH TIES TO TOURISM BUSINESSES ABROAD THAT HELP SEND NEW VISITORS AND FRESH DOLLARS INTO THE UNITED STATES.

IN ADDITION TO THOSE PROGRAMS, THE AGENCY SERVES AS A MEMBER OF THE WORLD TOURISM ORGANIZATION ALONG WITH OVER 100 OTHER COUNTRIES THAT HAVE GOVERNMENTALLY FUNDED PROMOTIONAL ORGANIZATIONS. WHEN IT COMES TO WORKING GOVERNMENT TO GOVERNMENT, WE NEED THE U.S. TRAVEL AND TOURISM ADMINISTRATION TO SERVE AS OUR REPRESENTATIVE.

NOT ONLY IS IT IMPORTANT TO ESTABLISH A PRESENCE IN ORGANIZATIONS LIKE WTO BECAUSE OF THE IMPORTANT INTERNATIONAL POLICIES THAT ARE FORMULATED, IT IS ALSO IMPORTANT TO THE CONTINUATION OF OUR FRIENDLY RELATIONS WITH OTHER MAJOR COUNTRIES OF THE WORLD. FOR EXAMPLE, THE U.S. RECENTLY ANNOUNCED ITS PLANS TO ENTER INTO A JOINT VENTURE WITH CANADA TO RESEARCH CONSUMER ATTITUDES AND DETERMINE WHY FOREIGN VISITORS TRAVEL TO NORTH AMERICA. USTTA AND ITS CANADIAN COUNTERPART WILL BE CONDUCTING THAT RESEARCH AND COORDINATING THAT PROGRAM.

AGAIN, THIS IS ANOTHER ACTION WHICH IS UNPRECEDENTED IN ITS MAGNITUDE. THIS CAMPAIGN SHOULD BE EXTREMELY USEFUL TO BOTH NATIONS' MARKETING PROGRAMS.

IN A TIME WHEN AMERICANS AND , IN PARTICULAR, AMERICAN TRAVELERS ARE AT GREATER RISK BECAUSE OF TERRORISM THREATS AND ACTIVITIES, USTTA IS PROVIDING A VITAL COORDINATING FUNCTION. THE AGENCY HAS TAKEN A MAJOR ROLE IN CONDEMNING TERRORIST ACTIVITY WITHIN THE WORLD TOURISM ORGANIZATION AND THE ORGANIZATION OF ECONOMIC COOPERATION AND DEVELOPMENT (OECD). AT HOME, USTTA IS ALSO WORKING VERY CLOSELY WITH THE STATE DEPARTMENT AND THE TOURISM INDUSTRIES IN THESE DIFFICULT TIMES FOR OUR GOVERNMENT.

I THINK THESE ARE ALL IMPORTANT AND USEFUL FUNCTIONS THAT THIS RELATIVELY SMALL GOVERNMENT AGENCY IS PERFORMING FOR OUR COUNTRY. I BELIEVE THE FUNDS ARE WELL SPENT. THEY ARE NECESSARY AND VITAL TO OUR NATION'S SECURITY AND TO ITS ECONOMY.

THANK YOU FOR THE OPPORTUNITY TO TESTIFY TODAY AND I WILL BE GLAD TO RESPOND TO ANY QUESTIONS YOU MAY HAVE.

Congressional Travel and Tourism Caucus
U.S. House of Representatives
H2-246
Washington, D.C. 20515
(202) 225-3935

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[illegible] Reid (D-NV)
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EXECUTIVE DIRECTOR
Julie Franklin

DEPUTY DIRECTOR
Rob Ruppert

December 11, 1985

Mr. James C. Miller III
Director
Office of Management and Budget
Old Executive Office Building
Washington, D.C. 20503

Dear Mr. Miller:

We are writing to urge that, during consideration of OMB's recommendations to the President for his FY'87 budget, you allow sufficient funding for the U.S. Travel and Tourism Administration (USTTA). It is our strong opinion that the money spent to fund USTTA is spent wisely. By generically promoting the United States as a travel destination, the agency helps bring in international tourists who spend substantial sums of money during their travels here. We are willing to concede that the promotion of travel to the U.S. is not the only element that determines our international visitation arrivals, but it is an extremely important factor and it does positively impact the economic fortunes of our country.

Overall the tourism industry directly employs 4.6 million people in the U.S. and, of that figure, 251,000 are employed because of international visitors. Overall tourism generates $45.8 billion in payroll expenditures, of that amount $2.5 billion was generated because of international tourism in the U.S.

Some impressive examples of marketing programs and their relation to government funding follow. Between the years 1977 and 1981 West Germany increased its tourism promotion budget by 24% subsequently its foreign tourist receipts increased 106%. During that same period, France increased its tourism promotion budget by 156% and its foreign tourism receipts increased 164%. Spain's tourism promotion budget increase over the same 5-year period resulted in a 126% increase in receipts. Canada, almost in lock-step with the U.S. in terms of exchange rates, increased its tourism promotion budget by 23% while its receipts from foreign visitors rose by 38%.

It is obvious our country lags far behind most other countries in the area of tourism promotion. All of the countries with which we compete maintain aggressive marketing programs, and in nearly every case they are governmentally funded at a level many times USTTA's budget. USTTA is our nation's only way of promoting and selling America generically. Over 175 other countries have governmentally funded agencies to market their nation. Let's not eliminate the only official organization that coordinates U.S. tourism policy internationally.

Again, we urge you to recommend sufficient funding for the U.S. Travel and Tourism Administration.

Sincerely,

Trent Lott
Trent Lott, M.C.

Robert E. Badham, M.C.

John McCain, M.C.

David O B Martin
David O'B. Martin, M.C.

James H. Quillen, M.C.

Arlan Stangeland
Arlan Stangeland, M.C.

Frank Horton
Frank Horton, M.C.

Olympia Snowe
Olympia Snowe, M.C.

Barbara F. Vucanovich
Barbara Vucanovich, M.C.

Andy Ireland
Andy Ireland, M.C.

Thomas Hartnett, M.C.

James V. Hansen, M.C.

Norman F. Lent, M.C.

John Paul Hammerschmidt
John Paul Hammerschmidt, M.C.

Herbert Bateman, M.C.

Joseph DioGuardi, M.C.

Mr. James C. Miller III
Page 3

Toby Roth
Toby Roth, M.C.

George W. Gekas
George W. Gekas, M.C.

Carroll Campbell
Carroll Campbell, M.C.

John E. Grotberg
John E. Grotberg, M.C.

Charles Pashayan Jr.
Charles Pashayan Jr., M.C.

Mike Strang
Michael Strang, M.C.

John J Duncan
John Duncan, M.C.

Bill Lowery
Bill Lowery, M.C.

Don Ritter
Don Ritter, M.C.

Bill Schuette
Bill Schuette, M.C.

Ben Gilman
Benjamin A. Gilman, M.C.

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REP. BILL BONER'S REMARKS BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE & JUDICIARY

Wednesday, April 9, 1986

H310 Capitol Building

11:00 AM

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, AS CHAIRMAN OF THE CONGRESSIONAL TRAVEL AND TOURISM CAUCUS AND AS A FELLOW MEMBER OF THE APPROPRIATIONS COMMITTEE, I APPRECIATE THE OPPORTUNITY TO TESTIFY TODAY IN FAVOR OF CONTINUED FUNDING FOR THE U.S. TRAVEL AND TOURISM ADMINISTRATION.

WE ALL KNOW THE SERVICE INDUSTRIES HAVE A PROFOUND EFFECT ON OUR ECONOMY. OF THE 20 MILLION NEW JOBS CREATED BY THE U.S. ECONOMY IN THE 1970'S, 90 PERCENT WERE IN SERVICES. AS A MAJOR SERVICE INDUSTRY, TOURISM EMPLOYS 4.7 MILLION AMERICANS DIRECTLY AND 2.2 MILLION INDIRECTLY. IT IS THE SECOND LARGEST PRIVATE EMPLOYER IN THE NATION AND IT GENERATES MORE THAN $51 BILLION A YEAR IN WAGES AND SALARIES.

CORRESPONDINGLY, FOREIGN VISITATION TO THIS COUNTRY MAKES TOURISM AN EXTREMELY IMPORTANT EXPORT. BASICALLY WE ARE SELLING THE SITES OF OUR COUNTRY AND OUR COUNTRY'S MAJOR TOURISM ATTRACTIONS TO INTERNATIONAL VISITORS.

THE U.S. TRAVEL AND TOURISM ADMINISTRATION WAS ESTABLISHED BY CONGRESS TO INCREASE THE U.S. SHARE OF WORLDWIDE TOURISM RECEIPTS AND TO INCREASE REAL EARNINGS FROM FOREIGN VISITORS. U.S. INTERNATIONAL TOURISM PAYMENTS MAKE THE LARGEST CONTRIBUTIONS TO OUR MOUNTING MERCHANDISE TRADE DEFICIT.

DESPITE WHAT APPEARS TO BE AN IMPRESSIVE TOTAL VOLUME OF VISITORS, THE U.S. SHARE OF WORLDWIDE TOURISM RECEIPTS AMOUNTED TO ONLY 11.5 BILLION IN 1984 COMPARED TO A TOTAL A

OF $100 BILLION IN THE WORLDWIDE MARKET. WHEN YOU CONSIDER ALL THE INTERNATIONAL TOURISTS WHO TRAVELED IN 1984, ONLY ABOUT 7% CAME TO THE U.S. LIKEWISE, OF ALL THE MONEY SPENT ON TOURISM WORLDWIDE, THE U.S. CAPTURED ONLY 12% OF THE INTERNATIONAL TOURISM RECEIPTS. I BELIEVE THOSE SAD FIGURES ARE A RESULT OF YEARS OF INADEQUATE PLANNING AND THE LACK OF A COORDINATED MARKETING CAMPAIGN. WE SIMPLY AREN'T COMPETITIVE WITH OTHER COUNTRIES.

OVER 175 OTHER COUNTRIES HAVE EQUIVALENT ORGANIZATIONS TO MARKET THEIR NATIONS, YET THE AVERAGE FUNDING AMONG THOSE COUNTRIES IS ABOUT FOUR TIMES GREATER THAN OUR FUNDING FOR USTTA.

MR. CHAIRMAN, I WOULD LIKE TO CITE SOME IMPRESSIVE STATISTICS FROM OTHER COUNTRIES THAT ENHANCED THEIR PROMOTIONAL EFFORTS DURING THE YEARS 1977 TO 1981. DURING THAT FIVE YEAR PERIOD, WEST GERMANY INCREASED ITS TOURISM PROMOTION BUDGET BY 24% AND ITS FOREIGN TOURIST RECEIPTS INCREASED 106%. FRANCE INCREASED ITS TOURISM PROMOTION BUDGET 156% AND ITS FOREIGN TOURISM RECEIPTS INCREASED 164%. SPAIN'S TOURISM BUDGET INCREASED AND RESULTED IN A 126% INCREASE IN RECEIPTS. CANADA, ALMOST IN LOCK STEP WITH THE U.S. IN TERMS OF EXCHANGE RATES, INCREASED ITS TOURISM PROMOTION BUDGET BY 23% AND ITS RECEIPTS FROM FOREIGN VISITORS ROSE BY 38%.

IT IS PRECISELY BECAUSE OF THE PROVEN SUCCESS OF OTHER INTERNATIONAL CAMPAIGNS THAT SO MANY COUNTRIES HAVE CHOSEN TO SHORE UP THEIR PROMOTIONAL BUDGETS. THESE COUNTRIES ARE

LIGHT YEARS AHEAD OF THE U.S. IN THEIR ADVERTISING EFFORTS.

FOR EXAMPLE, CANADA JUST ANNOUNCED ITS PLANS TO BEGIN A NEW MARKETING CAMPAIGN IN THE U.S. THE ADVERTISING BUDGET ALONE IS SET AT $20 MILLION. MEANWHILE, OUR ENTIRE AGENCY HAS BEEN FUNDED AT $12 MILLION FOR THE PAST TWO YEARS. BY COMPARISON, I CAN TELL YOU THAT USTTA IS DOING AN OUTSTANDING JOB WITH THE FUNDS IT HAS AND IT WOULD BE EXTREMELY SHORTSIGHTED NOT TO CONTINUE THE CURRENT LEVEL OF FUNDING.

I HAVE A FEW BROCHURES FOR THE COMMITTEE MEMBERS TO GIVE YOU AN IDEA OF HOW USTTA MARKETS THE U.S. THE AGENCY HAS SEVERAL WAYS OF WORKING WITH THE STATES, CITIES, AND PRIVATE SECTOR TO COOPERATIVELY ADVERTISE VARIOUS ATTRACTIONS AND REGIONS OF THE COUNTRY. AS A RESULT OF A WORLDWIDE SURVEY OF CONSUMER ATTITUDES, PERCEPTIONS AND PREFERENCES, USTTA CHOSE THE CENTRAL THEME "AMERICA, CATCH THE SPIRIT" AS AN UMBRELLA SLOGAN FOR THE ENTIRE U.S.

THE THEME IS NOT LIMITED TO ANY SINGLE AREAS BUT ALLOWS REGIONS OF THE COUNTRY AND TOURIST ATTRACTIONS TO JOIN IN THE PROGRAM. ONE OF THE SIGNIFICANT BENEFITS TO THIS CAMPAIGN IS THE FINANCIAL SUPPORT THE AGENCY RECEIVES FROM THE VARIOUS SEGMENTS OF THE TOURISM INDUSTRY TO HELP OFFSET COSTS.

RECENTLY, USTTA CHOSE WEST GERMANY TO SERVE AS ITS FIRST TEST COUNTRY FOR THE NEW SLOGAN AND ITS FIRST MAJOR COOPERATIVE ADVERTISING PROGRAM WITH PRIVATE SECTOR INDUSTRIES. BECAUSE

THE COUNTRY IS MODERATELY LARGE AND HIGHLY COMPETITIVE, IT HAS A STRONG ECONOMY, AND IT IS A NON ENGLISH SPEAKING COUNTRY, THE WEST GERMAN RESPONSE SHOULD PROVE TO BE AN EFFECTIVE TEST OF THE WORKABILITY OF A UNIVERSAL SLOGAN. USTTA CREATED, DEVELOPED AND COORDINATED THE CAMPAIGN WITH STATES, CITIES, CONVENTION AND VISITORS BUREAUS, HOTEL CHAINS, AIRLINES AND MAJOR TOURIST ATTRACTIONS. THE AGENCY SPENT OVER $800,000 WITH THE PRIVATE SECTOR CONTRIBUTING OVER $2.5 MILLION.

ON PAGE 4 AND 5 OF THE BROCHURE YOU WILL SEE EXAMPLES OF THE WEST GERMAN MAGAZINES AND THE ADVERTISEMENTS THAT RAN IN THOSE MAGAZINES. AS YOU CAN SEE, PHILADELPHIA, ARIZONA, VIRGINIA AS WELL AS NORTHWEST ORIENT, PAN AM AND HILTON HOTELS ARE HIGHLIGHTED AND ARE JUST A FEW EXAMPLES OF THE GROUPS THAT JOINED IN THE CAMPAIGN TO PROMOTE THEIR OWN DESTINATIONS. THESE ADVERTISEMENTS ALSO DISPLAYED COUPONS FOR POTENTIAL VISITORS TO USE IF THEY WANTED ADDITIONAL INFORMATION ABOUT A PARTICULAR DESTINATION OR REGION OF THE COUNTRY. AFTER ONLY THREE MONTHS, 40,000 COUPONS HAVE BEEN RETURNED. AT THE END OF THE CAMPAIGN IT IS ESTIMATED THAT ABOUT 60,000 COUPONS FOR MORE INFORMATION WILL BE RETURNED.

BASED ON THE RESPONSE, IT CAN BE ASSUMED THAT ABOUT AN ADDITIONAL 10,000 VISITORS FROM WEST GERMANY WILL JOURNEY TO THE U.S.

Previous studies have shown us that the West German visitors spend an average of $1,150 per visit to the U.S. If that holds true, you can assume that an additional 10,000 visitors to the U.S. will spend about $11.5 million on their travels around our country. It seems to me that with one advertising campaign USTTA just paid for itself.

By thumbing through the brochure, you can see how the agency helps attractions target their audiences in international newspaper travel sections; how the agency effectively works with the private sector to place editorial pieces as a method of advertising and how its posters are used in foreign travel agencies to promote the idea of traveling to the U.S. Along with this large brochure, I have given you copies of folders that advertise all the various regions of the country. This brings me to what I believe is one of the agency's most important and useful functions: assisting states and localities so they can better tap the foreign market. In addition to their advertising and media services, they provide a seminar each year in Washington for cities and states to inform them of new trends and consumer interests and of various ways they can use the agency's resources.

Mr. Chairman, it's no coincidence that we recently made a phone call to the Iowa tourism department to find out if the State finds USTTA's programs helpful. Your state's director, Judy Gilbert, told us that the city-state seminar held by

USTTA THIS YEAR WAS ONE OF THE BEST CONFERENCES SHE'D EVER ATTENDED. WITH IOWA'S TOURISM BUDGET BEING 50TH IN THE NATION, SHE SAYS SHE NEEDS ALL THE ASSISTANCE AVAILABLE TO HELP PROMOTE THE STATE AS A DESTINATION TO FOREIGN TRAVELERS.

AGAIN, AS SHE MENTIONED, JUST LIKE THE GRAND CANYON AND YELLOWSTONE NATIONAL PARK, INTERNATIONAL VISITORS RECOGNIZE THE MISSISSIPPI RIVER AS A MAJOR TOURISM ATTRACTION, BUT SHE HAS TO GET THE WORD TO THOSE VISITORS THAT IOWA IS THE PLACE TO VISIT.

OTHERWISE, I'M QUITE CERTAIN MOST FOREIGN VISITORS WOULD IMMEDIATELY THINK OF THE SPECTACULAR VIEW OF THE MISSISSIPPI FROM THE BANKS OF MEMPHIS, TENNESSEE.

I WAS PARTICULARLY PLEASED TO LEARN THAT POLK COUNTY LEADS YOUR STATE IN TOURISM GENERATED BUSINESS AND THAT THE TWO SMALL BUSINESS PEOPLE OF THE YEAR IN IOWA ARE BOB AND RUTH KEHL, WHO JUST HAPPEN TO OWN TWO RIVERBOATS ON THE MISSISSIPPI.

MR. CHAIRMAN, I AM SURE YOU'VE HEARD THESE STATISTICS BEFORE BUT I'D LIKE TO POINT OUT FOR THE RECORD THAT TAXES

GENERATED BY TOURISM SPENDING IN IOWA AMOUNTED TO $74 MILLION IN FEDERAL REVENUES AND $73 MILLION IN STATE REVENUES. TOURISM IS IOWA'S THIRD LARGEST EMPLOYER.

THE EXAMPLES AND STATISTICS I HAVE GIVEN FOR IOWA CAN BE DUPLICATED ALL OVER THE COUNTRY. WE THINK IT'S IMPORTANT THAT YOUR STATE, AND THE 39 OTHERS JUST LIKE IT WHERE TOURISM IS A LEADING EMPLOYER, CONTINUE TO SEE THE BENEFITS FROM THE PROMOTION OF AMERICA AS A TRAVEL DESTINATION.

I URGE YOU AND OTHER MEMBERS OF THE COMMITTEE TO ALLOW FOR THE CONTINUED FUNDING LEVELS FOR THE U.S. TRAVEL AND TOURISM TOURISM ADMINISTRATION AND I THANK YOU AGAIN FOR THE OPPORTUNITY TO TESTIFY BEFORE THE SUBCOMMITTEE.

Mr. **Smith**. I thank both of you for your testimony. I think, as you know, this is one of the things we are going to have to discuss in the subject of the economy. As you know the Administration wants to zero it out. I remember, the former President of American Airlines said you ought to either have $200 or $300 million or nothing. You have either got to do it right or else do not try to do it. You do not agree with that then?

Mr. **Badham**. Eventually I would envisage that the private sector would take over. But it is impossible to have an umbrella unless you have an umbrella. And it needs an umbrella to coordinate because the various segments of the tourist industry need a coordination and need some help.

Mr. **Boner**. I would like to comment on that. Yes, I would like to see $200 million. I mean I do not know the full context of that statement, but if you ask me, I would say if you are going to make a decision to do a job or not, then yes it needs that to really do the job it could really do.

But at the same time, given the economic restraints that we have, and the need is still out there, then we definitely need something.

The statistics show that when we spend less in tourism and when our budget has declined on the Federal level, that we have seen the decline since the 1970s of our share of the international tourism market. Now, you know, that is dollars and cents.

Mr. **Smith**. The ratio of the European tourists to the United States is down 50 percent.

Mr. **Boner**. And we feel like when you see where—as I said in in my remarks, that what we spend so little, we get a tremendous return on what we have. And to do away with that completely would not only cause us to lose the coordination that we have with USTTA, but I think that you would see a real impact on the various states. Because they have been able to advertise under this umbrella. And if it had not been for USTTA, if there had not have been an agency to bring these states and bring the private sector together, everybody would be doing their own thing.

Mr. **Smith**. Thank you very much.

Wednesday, April 9, 1986.

USIA

WITNESSES

LOUIS A. TYLER, LIAISON GROUP INTERNATIONAL EDUCATIONAL EXCHANGE

NORMAN PETERSON, LIAISON GROUP INTERNATIONAL EDUCATIONAL EXCHANGE

Mr. **Tyler**. Thank you, Mr. Chairman. I am Louis Tyler, I am the executive director of LASPAU, an organization at Harvard University which for 20 years has been providing technical services and support of exchange programs in Latin America.

I am here today to represent the Liaison Group for International Exchange, and I have asked Norman Peterson, who is the executive secretary of that group to join me at this table.

We have prepared a formal statement for the record. And what I would like to do this morning is give a reasonable abreviation of it.

Mr. **Smith**. All right.

Mr. **Tyler**. We have a very simple message, and that to extend to you our support of the international exchange activities of the U.S. Information Agency. We consider them to be vital to the interests of this country, and that their benefits outweigh their costs.

You have already heard in testimony earlier this morning some of the points that we will probably echo in this statement this morning.

We as a consequence urge your support for the fiscal '87 budget request for the exchange of those activities. March of 1986 marks the anniversary for the Fulbright program, and we think there are remarkable benefits to be gained from that program. And I will give two examples.

Currently there are 389 sitting heads of state who are products of the Fulbright program. There are direct alumni of the Fulbright programs, international visitors programs, or other activities of the U.S. Information Agency. In Japan 34 of the current Japanese ambassadors are products or an alumni of the Fulbright program. 16 Japanese University presidents are also former Fulbrighters.

For a moment what I would like to do is focus my comments on Latin America and more specifically on Central America, an area of the world which has been concern to this Committee and certainly has been of concern in Congress in general.

I do want to say that I think a compelling case can be made for other parts and other regions of the world. I am simply referring to Latin America because it is an area I know best. I am certainly not here to request additional funding or enhancement for Latin America.

Let me just say two things about the context or exchanges which I think is important in considering formulating a policy that is sensible for exchanges. I will make three points.

Highly trained professionals in Central American and Latin America are in short supply. We see only something like five highly trained technicians and scientists working in Honduras in the area of research and development. The economies of Central American are in deterioration in spite of a billion dollar annual assistance from this country. We some see something like 15 percent decline in real income in Central American.

Obviously lots of resources are needed to confront the chronic problems of the area. The point that I would make here is that local leadership is absolutely critical. And the U.S. Government exchanges shape that leadership. We think that particularly USIA exchanges play a decisive role in enriching and expanding that small group of leaders in Latin America.

The Kissinger Commission made very specific recommendations regarding the implementation of exchanges in Central American, and the implementation of those has been a source of concern to the Subcommittee. We think that USIA moved very effectively in a variety of ways, two of which I would simply discuss this morning.

One is with reference to what I see now as an emerging recognition of the importance of the Latin American specifically the Central American University. The University for years has been neglected as a focal point of U.S. interests. Yet it is one of the three or four important institutions which shape the economies and political and social life of their respective countries.

U.S. Information Agency is unique in its ability through the Fulbright faculty development program to have an impact on the Latin American University. There is definitely a multiplying effect, that is when we train one faculty member from a Latin American University through his or her professional career, thousands of young people pass through their influence.

Let me say two things about an impact study that Harvard University Graduate School is currently conducting with assistance from the Agency for International Development which we are now seeing, that in addition to increased leadership in the departments and in teaching of these return faculty members, I think two important points are made.

70 percent of those return faculty members maintain long time communications with their professors back in the United States. 25 percent of the faculty members surveyed are in fact conducting research with those U.S. based faculty members.

The second response that I would comment on, response of the Kissinger Commission that the U.S. Information Agency made with respect to the CAMPUS program, a program that I know something about because, together with the Institute of International Education, one of the members of the Liason Group and LASPAU and the users post in Central American all had a hand in assisting the agency in the Administration of this important program.

We think it is important because, for one thing, it is a complete invasion and has very successfully accomplished what it has set out to do. The initial experience with this program is teaching us a great deal about the important population that it is directed to.

As you know, there are 154 undergraduates currently studying in 12 institutions in this country. They arrived on January 13 in Miami. They were escorted to the various institutions. One of the things we have learned about this group is they are older, more mature, than their local U.S. counterparts. They are far more experienced in a variety of ways.

They are real survivors, real achievers. They work for a living. Some were holding two jobs to support themselves while they were putting themselves through college in Central American. I will give you two or three illustrations of the kinds of people that were selected under this program.

The most outstanding is the '81 graduate of El Salvador High School that was selected into the program, and he has been blind since birth. He is self-taught in English.

There is a young Belizian woman, teacher, who first taught her pupils how to make a pen out of natural fibers, how to create ink, and then she taught them and motivated them and taught them how to write. There is a young woman who was a full-time air traffic controller in Panama who was selected into the program.

As a consequence, we urge the Subcommittee to bring a second class of CAMPUS scholars to this country in fiscal '87. There are two important points why we think that one should not hesitate.

First of all, the assessment and selection systems and processes are in place and would atrophy with delay. The program was extremely well received and is well received both in the United States and Central America. And we feel that unnecessary delay would lead to some disappointed expectations.

In conclusion, I would make four general statements that we think are crucial. One very important one is to note that half of the increase in fiscal '87's request over 1986 is to maintain programs at the present level. Secondly, we would urge you to note that there is a remarkable degree of in-kind and financial contributions outside government in support of the Fulbright programs. Two examples are $18 million that are generated on an annual basis on behalf of International Visitors Program. LASPAU itself generates about 1 million in Fulbright scholars to payments to institutions.

Thirdly, a very important part of the fiscal '87 request is the enhancement of grants to Americans for engaging in study and research overseas. And finally, we would express some concern about an agency within your jurisdiction, regarding the proposed decrease in the State Department Soviet and Eastern European Research and Training Program.

I would ask my colleague if I have left anything out?

Mr. PETERSON. I am just here to answer any questions you might have.

Mr. SMITH. Thank you very much for your testimony.

[Statement follows:]

the LIAISON
GROUP for International Educational Exchange
1825 Eye Street, NW, Suite 475 Washington, DC 20006 (202) 659-0151

Statement of

LEWIS A. TYLER, PH.D.

Executive Director of the

Latin American Scholarship Program of American Universities (LASPAU)

Representing the

Liaison Group for International Educational Exchange

Before the

House Appropriations Subcommittee on Commerce, Justice,

State, the Judiciary, and Related Agencies

April 9, 1986

Statement of Lewis A. Tyler Representing the Liaison
Group for International Educational Exchange

I am Lewis A. Tyler, the Executive Director of LASPAU, the Latin American Scholarship Program of American Universities, a nonprofit organization affiliated with Harvard University. For more than twenty years LASPAU has administered international exchange programs between the United States and Latin America. Today I am appearing before the Subcommittee representing the Liaison Group for International Educational Exchange, a coalition of the executive leadership of nonprofit organizations dedicated to providing international study opportunities for U.S. and foreign students, scholars and others.

The message which my colleagues and I want to communicate to the honorable members of the Subcommittee is a simple but vital one. The international exchange activities of the U.S. Information Agency are absolutely indispensable to the maintenance of educational linkages with other nations. These links produce tremendous national and international benefits which far outweigh their costs, and we urge Congress to provide the highest possible support for them.

In urging your support for the increased funding proposed by the Administration for USIA exchange programs, the Liaison Group is fully aware of the great problems Congress faces in financing Federal programs, and we believe any proposed increase must be based on the soundest of reasons. Those of us with direct knowledge of the results of exchange programs realize, however, that providing these modest additional resources for these activities is the best investment the United States can make toward closer ties with other nations and greater economic development both here and abroad.

This year we are celebrating the 40th anniversary of the Fulbright program, and this sustained United States committment to mutual understanding has born great fruit. Alumni of the Fulbright, the International Visitor, and other USIA exchange programs fill influencial positions around the world. Thirty-nine are sitting heads of state. Consider the specific case of Japan, a country of crucial economic and political importance to the United States. A 1982 study reveals that 34 of Japan's ambassadors and 16 presidents of its major universities are former Fulbrighters.

I can, however, best illustrate the importance of USIA's programs through my professional experience with international exchanges in Latin America and, more specifically, in the vital but troubled nations of Central America. An equally compelling case for international exchange programs could be made by my Liaison Group colleagues administering exchange programs in Africa, Asia, the Middle East, or other regions. In the following remarks which focus mainly on the western hemisphere I am not trying to make the case for new funding for Latin America beyond that proposed by USIA. I emphasize Latin America because it is the area in which I can claim some expertise and because it has recently been the focus of considerable policy interest in Congress generally and in this Subcommittee specifically.

As is the case for all regions, the context for exchanges with Central America must be the starting point for sound program policy. Here it should be noted that:

o While the educational systems of Latin America have generally improved dramatically in the last twenty years, fewer than ten percent, and in most cases fewer than five percent, of the population of Central America is able to complete high school.

o Highly trained professionals are in extremely short supply;

Honduras, for example, presently has only five scientists and engineers engaged in research and development.

o Central American economies continue to decline. In spite of one billion dollar annual assistance from the U.S., personal income levels have declined over fifteen percent since 1980.

Solving these chronic problems will, of course, require resources of many kinds from diverse sources. However, the importance of highly educated and carefully nurtured leadership cannot be overestimated for the future of Central America. This small leadership group will make the major decisions concerning the political, social, and economic directions of their countries and determine the relationship of the United States to this important region. U.S. government exchange programs can play a decisive role in expanding and enriching this group of educated leaders.

In 1984 the National Bipartisan Commission on Central America (Kissinger Commission) recommended a series of measures in the area of exchanges, the implementaion of which has been of concern to this Subcommittee.

USIA moved promptly and effectively to respond to the Commission's recommendations. In 1983 43 Central American graduate students and faculty members received grants through the Fulbright program. By 1985 the number of grantees had been increased to 164. This year the number of traditional Fulbright awards to Central Americans has more than doubled to 364, and the Agency has initiated its innovative CAMPUS program, responding to the Commission's call for support for needy undergraduate students. In addition, the Agency has increased the number of scholarships it offers through the Humphrey Fellowship Program for mid-career professionals to strengthen their skills, and the number of grants for short-term visits to the U.S. by established leaders from Central America through the International Visitor Program.

USIA's carefully planned and multi-faceted approach to the crisis in Central America meets many vital needs in the region, two of which I can discuss in considerable detail because of my professional experience with them.

The university in Latin America is one of the three or four institutions which exert great and lasting influence on political, social, and economic development, principally through its role in training the professionals and technicians who make the primary contributions to these processes. Universities are, therefore, fundamental to long-term and sustained development, as the Kissinger Commission clearly recognized.

USIA is unique in its ability to influence the formation of these institutions through the faculty development potential of the Fulbright program. The "multiplier effect" of these investments are tremendous. During the professional career of a university professor, literally thousands of young people will be affected. Whether we are concerned about the exchange of ideas, the construction of better bridges, or the planting of more productive crops, United States government-sponsored exchanges for faculty members and future faculty members will prove to be of lasting importance.

The results of a survey of Latin American faculty members returning from U.S. graduate studies vividly illustrate this point. A researcher from the Harvard Graduate School of Education is currently completing the study with support from the Agency for International Development. This research reveals that:

o Returned scholars dramatically increase their research activities, dedicating significantly more time to research than they did prior to their U.S. studies.

o Twenty-five (25) percent of these scholars conduct collaborative research with their U.S. universities upon their return.

o Seventy (70) percent of them maintain regular contact with their former professors, advisors, and others in U.S. academic institutions.

o Ninety-five (95) percent of those surveyed have returned to university employment upon completing their studies in the U.S.

o Seventy-three (73) percent have reported no readjustment difficulties in returning to their countries.

o These scholars exercise significantly more leadership in their departments and become much more involved in commmunity affairs than prior to their U.S. study programs.

The other fundamental USIA contribution to the development of educated leadership in Central America I want to discuss is the new CAMPUS initiative for financially needy undergraduates. LASPAU and another member of the Liaison Group, the Institute of International Education, assisted the Agency in the recruitment, assessement, and screening of applicants for this program, so I have had the opportunity to observe first-hand many of the elements that went into the design and development of the program.

The CAMPUS program has captured the attention of Central and North American academic communities because, quite simply, it is doing what it set out to do. It is offering an incomparable educational opportunity to a group of energetic achievers who were "making it" against great odds in their own systems. Their efforts to excell have been rewarded with the big break needed to allow them to be the leaders they are striving so hard to become.

Statement of Lewis A. Tyler Representing the Liaison
Group for International Educational Exchange

Our initial experience with CAMPUS has taught us a great deal about the important population that the program seeks to assist, its talent, its drive, and its needs. The students are older, more mature, and experienced than their local or U.S. counterparts. Most are working people, some holding down more than one job while trying to stay in school. Consider a few examples: the top graduating high school student in all of El Salvador in 1981, completely self-taught in English, and blind since birth; the Guatemalan public school teacher whose native language is Maia-quiche; the young Panamanian who has been working her way through college as a full-time air traffic controller.

The CAMPUS pilot program has also been given added impetus through the enactment last fall of the U.S. Scholarship Program for Developing Countries Act. This new statute provides extensive and carefully considered congressional guidelines regarding programs for needy undergraduates from the developing world.

It is prudent for the Subcommittee to insist upon caution before making major committments to new activities when little is known about them. While applauding this caution, the Liaison Group has recommended support for undergraduate level exchanges in the past, strongly urging, however, that such support should not come at the expense of traditional exchange programs.

We now urge the Subcommittee to approve USIA's request to bring a second "class" of CAMPUS students to the U.S. This is important, first, because a very effective recruitment and selection process has been established which should not be allowed to atrophy pending the completion and evaluation of the full program for the first CAMPUS class. Second, however, the program has been received in Central America with such warmth and gratitude that its suspension would create great disappointment throughout the region and would offer public diplomacy opportunities to other nations.

This competition, mainly the scholarship programs of the Soviet Union and its allies, has been well publicized. I wish to add two observations about this very important development based on my experience in Latin America:

o The first comes from Colombia, a country for which a very large number of Soviet scholarships are available. There Jairo Caicedo, an influential educator (and American university graduate) recently noted that individuals with foreign training invariably assume positions of influence and leadership. Where, he asks, will Colombia's future leaders have received their educations if the Soviet Union annually offers 100 to 150 scholarships and only thirty or so are available in the United States?

o Second, I would note (and anyone professionally active in Latin American higher education can attest) that foreign education, and particularly U.S. education, is in incredibly high demand throughout Latin America. Yet, during twenty years of living, working, and studying in the Latin America, I have never met anyone who wanted to study in the Soviet Union. I have met persons who have studied in the U.S.S.R. and have done so for the most pragmatic but important of reasons — the scholarship was available for study in the Soviet Union and not for study in the United States. The path is open for us to influence the next generation of Latin American leaders if we can offer them the opportunity for the education they want and must have to guide their nations.

Leaving this overview of the role of exchanges in the western hemishere, I want to conclude my remarks on behalf of the Liaison Group with some general observations about USIA and international exchanges, and finally with two points relating to other agencies under the jurisdiction of the Subcommittee.

We believe it is crucial for Congress to note that more than half of the increase requested for USIA exchange programs above fiscal year 1986 appropriations is needed to maintain programs at present levels, primarily because late FY85 supplemental funding was carried over into FY86 and the appropriation for FY86 was set with this carry-over funding in mind. Less than $10 million of the increase request is for much-needed enhancements to programs.

We also want to emphasize that USIA resources for exchange activities are matched by very substantial committments from U.S. educational institutions, communities, organizations, and individuals in a productive partnership. For example, USIA's International Visitor program is supported by the voluntary contributions of more than 750,000 individuals in 98 local international visitor councils around the United States. The value of these contributions are estimated to be in excess of $18 million per year.

As you may know, USIA only directly supports a small percentage of exchange participants. For example, there are more than 340,000 foreign students on U.S. campuses, bringing at least $1.9 billion each year into the U.S. economy for their maintenance expenses alone, and creating more than 23,500 academic and staff positions in our colleges and universities. The U.S. government provides primary support to only slightly more than two percent of these foreign students. This contribution is crucial, however, filling in those gaps where other resources are not available to meet vital national and international needs — e.g. for students from developing nations, for scholarships for disadvantaged South Africans, etc.

Other USIA activities are crucial catalysts in bringing the large group of students to our shores who do not receive U.S. government scholarships. Advising and information services abroad conducted and supported by USIA are essential to maintaining this valuable flow of foreign students to the U.S. USIA support for programs which enable U.S. colleges and universities to offer relevant programs and services to meet the unique needs of these students is another major contribution the Agency makes to this increasingly important part of our educational sector.

The above comments have emphasized the importance of programs for foreign students, scholars, and visitors. Exchange opportunities for our citizens to study, to lecture, and to conduct research abroad are of equal importance. The exchange program enhancements USIA has proposed for fiscal year 1987 include much-needed additional Fulbright grants for Americans to do graduate study abroad. We heartily endorse this proposal. Our students and faculty are excellent ambassadors for the United States, making contact with countless individuals who would otherwise have no tangible knowledge of our culture. They bring back to the United States a rich payload of desperately needed knowledge of the languages and perspectives of other nations. We need far more individuals with such expertise to help us find our way in this increasingly complex and interdependent world.

Finally, I wish to turn briefly to matters of concern to the Liaison Group community relating to other agencies under the jurisdiction of the Subcommittee.

First, I want to bring the Subcommittee up to date about concerns about the impact of Immigration and Naturalization Service policy on exchange programs which the Liaison Group brought to your attention last year. As you may recall, we have been concerned about the cost to institutions and the complexity of these regulations. I am pleased to report that these problems seem to be moving very positively toward resolution. Last summer Immigration Commissioner Nelson initiated a thorough review of INS foreign student regulations in light of our concerns, and a much improved set of regulations are now being reviewed by the Service. We commend the Commissioner and the Service for this positive response. If these new regulations are finalized, the only remaining serious obstacle to the Immigration Service's operation of the foreign student program will be staffing and funding. It is particularly important for the Service to have the resources needed for its foreign student/school data base to operate smoothly and accurately. We urge the Subcommittee to approve funding needed.

Second, we want to express our concern regarding the proposed decrease in funding for the Department of State's Soviet and Eastern European Research and Training Program. Important research and scholarly exchange activities are funded by the program. The proposed reduction is particularly disturbing in light of the emphasis placed on expanding exchanges between the United States and the Soviet Union at the Geneva Summit. We urge the Subcommittee to provide funding for this crucial program at continuing levels.

I want to thank the Subcommittee for the opportunity to present my views to you, and hope that the information I have provided proves to be useful. My colleagues in the Liaison Group and I stand ready to assist the Subcommittee further if you need additional information about international exchange activities. A brochure with further information about the Liaison Group is included with my statement.

WEDNESDAY, APRIL 9, 1986.

BOARD FOR INTERNATIONAL BROADCASTING

WITNESSES

JIM CROMWELL, ADMINISTRATIVE ASSISTANT, CONGRESSSMAN DON RITTER

REVEREND JERRY MRAZ, BOARD FOR INTERNATIONAL BROADCASTING

Mr. SMITH. Jerry Mraz.

Mr. CROMWELL. Good morning, Mr. Chairman.

My name is Jim Cromwell. I am administrative assistant to Congressman Don Ritter. And it is a pleasure to present to the Subcommittee Congressman Ritter's close personal friend and constituent, the Evangelical outreach person of the Slovak Lutheran Church of American, the Reverend Jerry Mraz. Reverend Mraz submits for the record a detailed written statement concerning international broadcasting and at this time will present his oral summary of that statement making four key recommendations. Thank you.

Mr. SMITH. Thank you very much. We will receive this into the record. And we have got three witnesses to take by 12:00 o'clock, so we have to abreviate it a little bit.

Thank you, go ahead.

Reverend Mraz. First of all, Mr. Chairman, thank you. Let me express my thanks to you for granting me this time.

I have been hearing everybody asking for money. I do not intend to ask for money. But I ask whatever moneys are spent by the government be spent efficiently. I am the coordinator of the Evangelical Outreach of the Slovak Zion Synod. We are the only ethnic non-geographical Synod in the Lutheran Church in America. And we do have contact with the Slovak Lutheran Church in Slovakia in this country.

For over 33 years our Synod has been involved in the work of Radio Free Europe in combating the Communist oppression in Eastern Europe. This was done by Reverend John Kovacik, though he had to retire in '83. And another one of our Pastors, a recent immigrant to the United States, ordained in Slovakia, had taken over this position, Reverend Anna Kalandova.

She met all the criteria that were needed for her to be admitted to our Synod. And having the background, she then was appointed by the former director of the Czechoslovak desk of Radio Free Europe to fill the position which Pastor Kovacik held. Dr. Karol Belak appointed her on the basis of her credentials.

She was doing this for a year. She asked myself and the assistant to our Bishop, the Reverend Dr. Milan Ontko, to assist her in this to give a variety of broadcast and to support our Christian brothers and sisters in faith in the communist countries. We did this until November.

In November the present director of the Czeckoslovak desk, Mr. Zdenek Sedivy, sent her a letter informing her that she was to be removed from this post and that he was appointing a Reverend Toth, a Canadian national, who had emigrated to Canada back in '68 to do the work.

We tried to determine why he desired to make this change, that is Mr. Sedivy. Mr. Sedivy first told us that he did this in order to update the broadcasting. We have a half hour Sunday program that we broadcast and then three ten-minute segments. He wanted to incorporate into this half hour the Eastern Orthodox plus the Jewish faith, which means that they would take away time from the Protestant Lutheran Slovak service. We did voice an objection to this.

Later on he informed us that he was making this change not because of the efficiency of time but because Pastor Kalandova's father in Europe, who was also a Slovak Lutheran Pastor, was having difficulties because of her doing this work. She contacted him. And her father said I never expressed this, never requested it.

We objected to Reverend Toth being appointed and to this work being taken away from us because of the fact that we feel that this creates inefficiency and a spending of the Radio Free Europe moneys. Our objections are, first of all, that Mr. Sedivy had no basis of comparison of Pastor Kalandova's work with pastor Toth. He never met her up until he met her this year, this January in New York City. That is the first time that he met her. He never gave us an opportunity to confer with him as to how best to run this program.

Another reason that we object to the spending of money to have Reverend Toth as the director of the Slovak Protestant broadcast is that we feel he is not the best person to do it. The reason for it is because he when he was ready to be ordained in a church in Slavia Lutheran Church, he refused ordination. He came to the United States seeking to be ordained by us, the Slovak Zion Synod. This was refused him because he refused our request that he attend a seminary in the States to learn our language and church functions.

He went to the Evangelical Lutheran Church, the Missouri Synod, and ordained him to serve in the congregation. He is an ordained Pastor, but he is functioning with a political cultural organization in Canada now, Slovak World Congress of Canada, of which he is an executive secretary.

In 1982 he requested once again membership in our Synod. We had to refuse him Administration into our Synod now as an ordained Pastor because of the fact that he was connected with this Slovak World Congress. Due to the fact that on this Congress there are several members whose loyalties perhaps we would question or who had affiliation with the people during the Second World War who were sympathetic to the Nazi movement. These people are part of this organization. And we feel that a Lutheran, Slovak Lutheran, Pastor should not belong to this organization, and especially to hold an office of an executive secretary.

One of our pastors, former bishop, traveled to Slovakia just last November to conduct some business. I asked him to make inquiries about our programming as we were doing it. The listeners to whom we are directing this said that as long as Reverend Toth is doing it that they object very much because of his political involvement and due to the fact that he turned his back on them when they wanted to ordain him.

Another problem that we have is with the efficiency of spending the money, that Pastor Kalandova and myself and Pastor Ontko traveled to New York City to the studios to do the recordings, so the only expense involved was the freelance fee that was paid as part of the expenses. We never submitted an expense account, we never submitted travel expenses. Now Pastor Toth is doing the broadcasts in Canada, having to mail to communicate, to telephone with the technician in New York. And then these have to be sent to Munich for broadcast. The expenses we are sure are greater. But we have been unable to obtain any facts because the they closed the books on us.

Another objection we have is that the mixture of the Eastern Orthodox and Jewish being done at the Protestant hour. There is no way that the Eastern Orthodox or Jewish faiths would want to do broadcasting on a service which is designated as a Lutheran Protestant Christian service.

I would like to recommend that for efficiency of spending the moneys of RFE that this Committee consider trying to see to it that the Administration of Radio Free Europe reappoint Reverend Kalandova to be the director of the Slovak Lutheran broadcast, that also the Committee consider the validity of limiting the power of, as I have here, a non-ecclesiastic in appointing people to do religious broadcasting over Radio Free Europe. In other words, we want to let the Roman Catholic Church, the Jewish people, pick their people, and the Lutheran people who represent the denominations to pick their own people, not someone who is not knowledgeable of Creedal statements and so on.

And thirdly, we would like to see that since our RFE and Radio Liberty is supported by American tax dollars, that preference for working for a Radio Free Europe and Radio Liberty be given to qualified individuals who are American citizens or at least residents of the Continental United States and not foreign nationals.

And fourthly, a recommendation that the Committee consider establishing criteria of determining how the past and present personal political involvement of RFE personnel will either benefit or undermine the value of the broadcast among the listeners in the Communist countries. That is if people have had experience that some of these people sympathized with their enemies before, they certainly will not be listening to them now.

Mr. SMITH. Okay, thank you very much.

Reverend MRAZ. I thank you for this time and consideration.

Mr. SMITH. Okay, thank you very much.

[Statement follows:]

Statement presented to the Subcommittee on Commerce, Justice, State & Judiciary Committee on Appropriations on Wednesday, April 9, 1986 at 10:00 AM, by Rev. Jerry Mraz, Chairman of the Evangelical Outreach Committee of the Slovak Zion Synod, Lutheran Church in America, regarding the removal of Rev. Anna Kalandova, as Director of the Protestant Devotional Broadcast over Radio Free Europe:

Honorable Congressman Neil Smith, Chairman, and Honorable Members of the Subcommittee.

Permit me first to thank you for granting this time to me, and to introduce myself to you. I am the Evangelical Outreach Coordinator of the Slovak Zion Synod, the only Ethnic Synod of the Lutheran Church in America. We therefore represent Slovak Lutheranism in America, and as such, we have re-established ties with the Lutheran Churches in Communist Slovakia and Yugoslavia, and support them in their struggle with atheistic Communism.

For over thirty-three years our Synod has been involved in the work of Radio free Europe in combating the Communist oppression in Eastern Europe, by doing the broadcasts of the Protestant Devotional Program, directed to the Protestant Christians in Slovakia and other Slavic countries. Originally this was done by Rev. John Kovacik, and after his retirement in 1984, by Rev. Anna Kalandova, a certified Pastor of our Synod. She was appointed to this position by the former director of the Czechoslovak Desk, Dr. Karol Belak upon the recommendation of not only Pastor Kovacik, but also other persons associated with Radio Free Europe in New York City. They were familiar with her credentials and her fluency in the Slovak language and so could recommend her. Her credentials were, besides being a member of the Slovak Zion Synod, that she was ordained to the Office of the Holy Ministry by the Lutheran Church in Slovakia and after doing additional theological studies in Germany, served in Slovakia as a congregational pastor for six years. Upon her emigration to the United States in 1983, she studied at our Lutheran Theological Seminary in Philadelphia, whereupon she was accepted to serve one of our congregations in Trenton, New Jersey.

After her appointment to RFE, she became a member of our Synodical Evangelical Outreach Committee and enlisted the assistance of Rev. Dr. Milan Ontko, the Assistant to the Bishop of our Synod, and myself because of our fluency in the Slovak language, and to provide for a variety of voices, thereby making the program more interesting. The value and quality of the work she did is attested to by the current Director of the Czechoslovak Desk in Munich Germany, Mr. Zdenek F. Sedivy, when he wrote to her in his letter of November 18, 1985, the following, "Permit me, to first express my admiration and thanks to you for your work, which you are doing, in the interests of the Protestant Devotional Broadcasting to Czechoslovakia."

These words of commendation were quickly followed by words informing her of her removal from the position of Directing the program, and the appointment of Rev. Dusan Toth, a clergyperson serving a Slovak Congregation in Toronto, Canada, which is not a part of our Slovak Zion Synod. The explanation that was given for her removal was, that Mr. Sedivy desired to make a change in the format of the program, which supposedly was to include Eastern Orthodox and Jewish programing on the Protestant Devotional Program. In view of this proposed change, Mr. Sedivy felt that the work would be too much for Rev. Kalandova, as he implies in his letter when he states, "This operation will, in terms of time and work, be much more demanding, and I would not want to burden you with useless correspondence and consultations about the programing..".

We question the logic of combining these other expressions of faith, which are normally accustomed to functioning indpendently, due to their divergent religious philosophies and theologies. We also question why Mr. Sedivy never informed her of any changes that he desired to make, and never consulted her prior to his decision, to give her a chance to indicate if the new work would be too much of a burden for her. We interpret his reason for dismissal as a very weak one, based on assumptions which had no facts behind them.

Since he sent his original letter, his statements of the reasons for the change in Directorship have also changed. In conversation with Rev. Kalandova, and certain other persons involved in RFE broadcasting, Mr. Sedivy stated a different reason for the change. He now claims that he made this change in order to protect Rev. Kalandova's parents, who are still in Slovakia, and who are serving the Lutheran Church there as Pastor and wife. He claims that he was requested, by persons unknown to Rev. Kalandova or anyone else, to make this change to make life easier for them. Rev. Kalandova has been in contact with her father, and he has not made any indication that her work with RFE has caused him any difficulties from the government there. So, we are being given two very different reasons for the removal of Rev. Kalandova and the appointment of Mr. Toth, yet neither of these reasons are supported by concrete evidence.

In his letter to Rev. Kalandova, Mr. Sedivy states that he desires her further cooperation with Mr. Toth in the broadcasts. He states, "RFE will continue to value your cooperation, which we hope, you will continue to provide under this new arrangement." If her functioning for RFE was supposed to have created problems for her parents, then why have her continue to function under Mr. Toth's direction? Would this change the situation for her parents? Rev. Kalandova denies that her parents had any more problems during the time that she worked with RFE than they had normally, as a Lutheran Pastor. During the time that she was director, never once did they request her to give it up because it was creating difficulties for them.

The appointment of Mr. Toth as the Director of the Protestant Devotional Broadcast upsets the Leadership and Pastors of the Slovak Zion Synod, as well as other long-term workers for RFE, and we raise objections to his appointment. There are several reasons for our objections.

The first is, that Mr. Sedivy had no basis of comparison of the work between Rev. Kalandova and Mr. Toth. He had never even met Rev. Kalandova until after her removal for her position, so he had no way of knowing that she was less qualified to effect them.

The second reason that we question Mr. Toth's appointment is, that he is not part of, nor does he represent any official Slovak Lutheran group in the United States which has any contacts with the Lutheran Church in Slovakia. It is only the Slovak Zion Synod, part of the Lutheran Church in America, with 27 Pastors, 40 Congregations, 11,768 Baptized members, and with contacts established with the Lutheran Church in Slovakia and Yugoslavia, that represents Slovak Lutheransim in the Free World. Mr. Toth is not part of this Synodical body and does not have the religious contacts that we have with the Church in Slovakia. He therefore cannot speak for the Slovak Lutheran Church in the Western hemisphere.

Another reason that we give for feeling that Mr. Toth is not the best choice, is his Pastoral background. While it is true that Mr. Toth did study Theology in the Seminary in Slovakia, upon completion of his studies he refused to be ordained into the Office of the Holy Ministry. Just before he was to be ordained, he sought an appointment from the Communist government to study Drama at the University rather than serve the Church in a congregation. We have access to information that states that Mr. Toth actually told the governmental authorities that he had "stopped believing long ago", thereby indicating that he had given up his faith long prior to his refusal of ordination. Therefore Mr. Toth never served a congregation in Slovakia as a Minister, and has no experience, and very little knowledge of what it means to be a Minister of the Gospel in a Communist country.

When he emigrated to the United States in 1968, he sought to be ordained into the ministry by our Slovak Zion Synod. Our Synod was willing to ordain him, but only on the basis that he would comply with certain requirements we made of him. The primary one was that he attend Philadelphia Lutheran Theological Seminary to study the English language and Church life here in the United States. He did not comply with this request and so was not ordained by us. He then went to the Slovak Evangelical Lutheran Church - Missouri Synod and was ordained by them, and appointed to serve St. Paul's Congregation in Toronto Canada, where he subsequently also sought Canadian Citizenship.

Besides serving this Congregation after his ordination, he became a member of a Canadian organization, the Slovak World Congress, a political/cultural organization of Slovak immigrants in Canada. He currently serves as the Executive Secretary of that organization, being very heavily involved in that office. In 1982 Mr. Toth once again sought membership in our Slovak Zion Synod. Our Professional Leadership Committee had to deny him acceptance because of his involvement with the World Congress.

The Committee denied his request because they saw his membership in the World Congress as potentially injurious to the relationships we had established with the Lutheran Church in Slovakia. This injury could result due to the overt political overtones of the World Congress. Belonging to this organization are a number of immigrants who advocate openly for the division of Czechoslovakia into two separate nations, which we understand is contrary to our United States State policy. We are also informed that, there are also a number of persons who belong to the World Congress, who were of Communist persuasion in Slovakia and also were sympathetic to the Slovak traitor Tiso, during the Nazi occupation of Slovakia during the Second World War. These persons have openly wrote articles and lectured about their Separatist ideas. This would make a Slovak Lutheran Pastor's association with this organization questionable.

One of our Pastors recently traveled to Slovakia on official LCA business to the Lutheran church in Slovakia. I requested of him, that while there to make inquiries among the people, about their feelings regarding the changes that took place in the Protestant Devotional Broadcast. He reported back to me that the Slovak listeners object to Mr. Toth doing the Broadcasting, for very much the same reasons stated above. Therefore Mr. Toth and his political involvement is know also there and the value of his participation in the program is questionable.

The fourth problem that we have with the appointment is that it creates logistic problems for recording and broadcasting. While Rev. kalandova was directing the production of the program, we traveled to the RFE studios in New York to do the recording. This cannot be done easily with Mr. Toth in charge. Our recording in the studios made a acoustically perfect recording, best suited for reception under conditions of electronic jamming. Mr. Toth has been recording in the Church in Toronto, sending the tapes to New York, where they are edited and then sent on to Munich. This creates extra work, creates unnecessary correspondence and long distance communication, all which add to the costs. During Rev. Kalandova's functioning, the only expense was the fee paid for free-lance writing of the sermons. The use of the studios and technical expertise, was part of the total operation of RFE and therefore no additional expenses were incurred. We did not even request payment of expenses that we incurred for travel or communication, considering this as part of our ministry to the Slovak peoples. We have tried to obtain information on the costs formerly and now under Mr. Toth's work, but we have been unable to obtain them. We feel however that if they were obtained it would become evident that the cost was less then than it is now.

Mr. Sedivy also stated in his letter that he desired that there be Eastern Orthodox and Jewish broadcasting done on the Protestant hour. It has now been almost five months since Mr. Toth took over. To the present day, there has been no Orthodox or Jewish broadcasting done, so the desired change has not taken place. Mr. Sedivy in his letter also stated that Mr. Toth was to contact Rev. Kalandova about her continued participation in the program. Mr. Toth to this day has not made any contact, to comply with Mr. Sedivy's directives. To us this implies that Mr. Toth is ignoring instructions or wants to function as a free agent, not bound by directives of higher administration.

We have expressed all of these concerns and objections to Mr. Sedivy, but have received no satisfactory reply from him. As a matter of fact, he has not even acknowledged communications sent to him, so we have been unable to determine the real reasons for Rev. Kalandova's removal. All that we seem to receive from Mr. Sedivy are contradictory statements for the changes made.

There are other facts that could be added to support our objections, but space does not permit all of them. Many more will become evident from the rest of the material that I am making available to you.

I respectfully ask your assistance in solving the injustice that we feel has been done to our efforts to support the Czechoslovak people's struggle against Communism in Czechoslovakia by Mr. Sedivy's action. To accomplish this I recommend the following:

1. That Rev. Kalandova, being a member of an official body representing Slovak Lutherans in America, and being qualified and certified by our Ecclesiastic authorities, to be engaged in a work backed not only by our SLovak Zion Synod in this work, but also of the Bishop of the Lutheran Church in America, Bishop James R. Crumley, be reinstated to the position of Director of the Protestant Devotion Broadcast of RFE.

2. That the Committee consider the validity of limiting the power of a "non-ecclesiastic" in appointing persons to do religious broadcasting over RFE. (By "non-ecclesiastic" I mean a person who has no ecclesiastic position in American religious life.) This is in keeping with our countries separation of Church and State. This would permit each religious group to maintain control over the programing that is to reflect their particular beliefs in keeping with their Creedal statements and to choose those persons whom they determine best qualified to do the work. We do not have secular authorities choosing our clerical leadership, so neither should we have political persons making the choice of religious broadcasters for RFE, without at least the prior consultation with the religious bodies represented.

3. That the committee consider that since RFE/RL is supported by American Tax dollars, that preference for working for RFE/RL should be given to qualified individuals who are American Citizens or residents of the Continental United States before seeking elsewhere.

4. That the Committee consider establishing a criteria of determining how the past and present personal politics and political involvement of RFE personnel will either benefit or undermine the value of RFE/RL among the listeners in the Communist Countries.

Page 1

Translation of letter received by Rev. Anna Kalandova from Mr. Zdenek F. Sedivy, Director of the Czechoslovak Bureau of Radio Free Europe:

November 18, 1985

Rev. Anna Kalandova
111 Harding street
Trenton, NJ 08611
USA

Dear Ms. Reverend:

Permit me, to first express my admiration and thanks to you for your work, which you are doing, in the interests of the Protestant Devotional Broadcasting to Czecholosvakia.

Religion and the Church have become, through very visible means, a movement of oposition against the Communist regime. It is the Church and the congregations, of whatever denomination, who still have the right to congregate, even though at times this might be problematic.

I would desire, that the time presently devoted to the Protestant Broadcast, would also be used also for the Eastern Orthodox denomination, and also for significant Jewish holy-days, e.g. Yom Kippur, for the proportionately small group of Jews, living at present in various areas of Czechoslovakia.

This operation will, in terms of time and work, be much more demanding, and I would not want to burden you with useless correspondence and consultations about the programing, with the individual contributors. Also, in view of the fact that Bishop Michal Rusnak lives in Canada, I have decided to request Rev. Toth, in Toronto, to do the coordination of the Protestant Programs. RFE will continue to value your cooperation, which we hope, you will continue to provide under this new arrangement.

With a simultaneous letter, I am requesting Rev. Toth, to contact you in New York, and with Rev. Pavlica in Switzerland, and to present the prospective proposal, to additional perspective co-workers.

Once again let me thank you for your efforts, by which I hope, we will continue to move forward, in the interest of the faithful and their struggle against Communism.

With regards,

Zdenek F. Sedivy
Director Czechoslovak Bureau

P.S. After Christmas I will be in New York and I hope, we will have an opportunity to meet together and discuss the needs and questions, for which I seek answers.

THIS TRANSLATION PREPARED BY: REV. JERRY MRAZ, CHAIRMAN, EVANGELICAL OUTREACH COMMITTEE, SLOVAK ZION SYNOD-LUTHERAN CHURCH IN AMERICA.

RADIO FREE EUROPE
RADIO LIBERTY

RFE/RL, INCORPORATED
OETTINGENSTR. 67 AM ENGLISCHEN GARTEN
8000 MUNICH 22, WEST GERMANY
TELEPHONE (089) 21020
TELEX [illegible]

18. listopadu 1985

Rev. Anna Kalandová
111 Harding Street
Trenton, N.J. 08611
USA

Vážená paní farářko,

dovolte mi, abych Vám vyslovil obdiv a dík za Vaši práci, kterou vykonáváte v zájmu protestantského náboženství i vysílání do Československa.

Náboženství a církev se staly v ČSSR viditelnými představitelkami oposice a hnutí odporu proti komunistickému režimu. Jsou to církve a je to také kostel ať již kterékoli denominace, který má dosud právo shromažďovací, i když je někdy problematické.

Chtěl bych, aby nynější čas určený k protestantskému vysílání, byl zčásti používán i východním ortodoxním náboženstvím a při důležitých židovských svátcích, jako je například Yom Kippur, také pro poměrně malou skupinu Židů, žijících dosud na různých místech v ČSSR.

Tato operace bude časově i pracovně mnohem náročnější a nechtěl bych Vás zatěžovat zbytečnou korespondencí a dohadováním o programech s jednotlivými přispivateli. Také vzhledem k tomu, že biskup Michal Rusňák žije v Kanadě, rozhodl jsem se požádat o koordinaci protestantských pořadů pana faráře Tótha z Toronta.

RFE si bude i nadále vážit Vaší spolupráce, ve které budete, jak doufáme, pokračovat v nynějším novém uspořádání.

Současnou poštou žádám pana faráře Tótha, aby vstoupil ve styk s Vámi v New Yorku a s panem farářem Pavlincem ve Švýcarsku a předložil event. návrh na další možné spolupracovníky.

Znovu mi dovolte poděkovat Vám za Vaše úsilí, v němž, jak doufám, budeme v zájmu věřících a jejich zápasu proti komunismu i nadále pokračovat.

S pozdravy

Zdeněk F. Šedivý
ředitel Čs. oddělení

P.S. Po vánocích budu v New Yorku a doufám, že budeme mít příležitost, abychom se sešli a pohovořili o potřebách i otázkách, na které hledáme odpověď.

EVANGELICAL OUTREACH COMMITTEE
SLOVAK ZION SYNOD - LCA
1370 Washington Avenue
Northampton, PA 18067

Pastor Jerry Mraz, Coordinator......215-262-3365

December 6, 1985

Mr. Zdenek F. Sedivy,
Director, Czechoslovak Desk
RFE/RL, Inc.
Oettingenstr. 67 AM Englischen Garten
8000 Munich 22, West Germany

Dear Mr. Sedivy:

I am writing this letter of protest to you as the Evangelical Outreach Chairperson of the Slovak Zion Synod, Lutheran Church in America, and as a co-worker of Rev. Anna Kalandova for RFE. It protests your action you announced in your letter of November 18, 1985, in which you informed her of your decision to change the Director of the Protestant Service Program of RFE.

We were surprised, rather shocked, to receive such a letter from you. We feel that you could have at least informed us of your desire to make changes in the format and Directorship of said program. Till the arrival of your letter we had no idea that there were any problems with the program. If there were, we feel that we should have been informed of the them in order that we might have a chance to correct them. We also feel that we are in a better position to properly produce and administer the program than would Rev. Toth.

We hold this opinion due to the fact that we are in the position to best serve the programs needs, due to our proximity to the studios of RFE in New York. This would require less long distance commuting, communication, and correspondence, than doing it from Canada. This fact also makes it more economical, thereby helping contain costs of producing the program. We are also in a better position to find persons capable of doing the additional programing should there be a need to do so. We also already have not one person but three doing the program which gives variety to the broadcast and adds rather than detracts from it. Each one of us who is doing the broadcasting has an excellent command of the Slovak Language due to our serving Slovak Congregations for all of the years of our ministries.

You stated that your primary reason for desiring to make the change was to keep the work for Pastor Kalandova down to a minimum stating, "..nechtel bych Vas zatezovat zbytecnou korespaondenci a dohadovanim o programech..." We feel that this is an invalid reason, for your suggested change would actually increase the correspondence and consultations between Rev. Toth and the Studios. Also, we feel that since the Protestant Service has a total of only one hour of time per week, (thirty minutes on Sunday and three, ten minute segments on Tuesday), the programs that you would like to see instituted would reduce this time even more for the Protestants, and therefore detract from the program for the Protestant listeners. We feel that this type of programing could be done at another time, either allocating special time, or utilizing some of the time devoted to the Roman Catholic Broadcasting of which there is much more than for the Protestants. The listeners of our broadcasts are not only the Lutherans, but the Reformed and other Protestant denominations. Also I wonder whether the Eastern Orthodox and the Jewish people would want to be identified with the Protestants. They are not one and the same, and generally would perfer to have and would deserve to have, their own time. There are other ways of meetng their needs.

These are just a few of the problems that we see with the proposed changes. I do not feel that the changes would be for the benefit of the programing and the listeners of RFE.

Therefore we are protesting this proposed change and the way it is coming about. We also are making our voice heard. Please be informed that I already have contacted my Congressman as well as other persons connected with RFE/RL to try to resolve the situation. In view of this action that I have taken, I think it might be good for us to meet when you come to New York after the Christmas Holidays. Please let me know when you will be arriving, and Rev. Kalandova and I will meet with you. I feel that before you make any decisions that are permanent with Rev. Toth, you meet with us first, and then decisions can be made.

(As I am writing this letter, an item has come to my attention which vividly illustrates some of the problems that this decision creates. In your letter, if we understand it correctly, you imply your desire that there be cooperation between Rev. Toth and the present contributors to the Broadcast. I quote your words, "Soucasnou postou zadam pana farare Totha, aby vstoupil ve styk s Vami v New Yorku a s panem fararem Pavlicem ve Svycarsku a predlozil event. navrh na dalsi mozne spolupracovniky." My understanding of these words is that you wanted Rev. Toth to contact Rev. Kalandova, Rev. Pavlica, and the other contributors (Rev. Ontko and myself included, as two of those contributors) to set up a "cooperative" effort. To me this would imply that, before any changes were made by Rev. Toth, he would immediately first contact the present workers, to find out what is being done, what is prepared, when he (Rev. Toth) should start contributing, and set up a schedule of times when each individual would contribute. This is the way I would have handled it if I received such a communication as you imply in your words. This is not the way that it is already being handled. I have just finished talking to Rev. Kalandova on the telephone, and she informed me that when she went to the Studio yesterday, they informed her that Rev. Toth had already sent material for the Sundays in December and January, those Sundays for which material already had been prepared by Rev. Kalandova, and Rev. Ontko. Rev. Toth never made any contact with Rev. Kalandova (nor Rev. Ontko or myself) as you imply he should have done. As a result there is now duplicate material in Munich and the question is, "Who's is going to be used?", even though technically Rev. Kalandova's and Rev. Ontko's material was prepared before your letter of decision arrived. It seems that Rev. Toth is functioning independently of and contrary to your instructions to him as I perceive them from the letter. Is this a sign of things to come? It seems that he has already created some new problems. What do you do with material that has been submitted prior to a decision being made and announced officially?)

Anticipating that I will hear from you by return mail I remain,

Yours truly,

Rev. Jerry Mraz

cc: Rev. Anna Kalandova
Rev. Bishop John Adam
Rev. Bishop James Crumley
Rev. Milan Ontko
Mr. Eugene Pell
Mr. George R. Urban
Mr. Bill Buell
Hon. Congressman Don Ritter

Saint Matthew's Lutheran Church
The Little Church on the Corner
301 West Avenue
Mount Carmel, Pennsylvania 17851

Dec. 1, 1985.

Dear Jaroslav,

the projected plans for changing the structure of the Prot. Service on R.F.E. will not be successful. We had that till 1952. The program was called Protestantská Polhodinka – The Prot. Half-hour. The response was very poor. Our men in the office wanted an Evangelical Service – acceptable to all Protestants. All of us have in common the allegiance to Scriptures. Both the Liturgy and the sermons were based on Scriptures. The response was gratifying. The R.F.E. has a lot of letters – and I have hundreds of them, – a testimony of approval! I was in it almost 33 years

The Rev. Anna Kalandová is doing good work – it is well accepted in Czechoslovakia. „It was a very good choice" one lady from Turiec wrote to me. Kalandová deserves all possible support.

I am including a letter of Rev. Visoky, who visited Czechoslovakia many times. The copy of his letter published in the Sion – organ of the Slov. Lutheran Zion Synod gives a testimony to the fact that our work was having a wonderful response. It would be a serious mistake to undermine or destroy a program like this!

With kindest regards

pastor John Kovacik.
51 Coal St.
Lansford, Pa. 18232.

—Congregational support of $250.00 was voted for this year to Holy Trinity Lutheran Church in Philadelphia. Also, $1000 was voted for 1985.

—Approved an indorsement for Dr. Paul Brndjar to work with the synod archivist and the Philadelphia Seminary, with outside funding, to get the synod archives in order.

—Reviewed plans for the 1985 Synod Convention that will be held in Dr. Martin Luther Lutheran Church in Cleveland, OH on June 11-12-13. The theme for the convention will be: "God's People: Called, Empowered, Sent". Evangelism will also be the theme.

Letters To The Editor

Dear Brother Payerchin:
Greetings In The Lord Jesus!

I just recieved the October Issue of the Zion, and I especially enjoyed the article about our good brother, the Rev. John Kovacik. Indeed, this article is a fitting tribute to a faithful servant of the Lord Jesus, who for 37 years prepared and delivered God's word over Radio Free Europe to his vast congregation in Slovakia. After repeated visits into Slovakia, many, many individuals, pastors, lay persons have shared with me the fact that they enjoy his messages. Because they cannot freely attend their own churches, so many depend on these broadcasts for their spiritual nourishment.

I know of several families, in remote villages of Eastern Slovakia, who gather together in homes, with hymnals in hand, waiting for pastor Kovacik's service to begin. For them this is their church, because there is no church within a reasonable distance for them to attend. So good brother Kovacik, you are an answer to the ancient prayer, "that thy word. . . may not be bound, but have free course, and be preached to the joy and edifying of God's holy people."

I know of a mother, who shared with me the fact that his sermons gave her comfort and hope as she mourned the death of her son. A month ago I received word from a friend who told me his wife passed away in August. Both were regular listeners of Pastor Kovacik's broadcasts. Being elderly they had no way to go to church some 10 miles away. Both would sit at their kitchen table with Bible and hymnal opened and ears attuned to their radio. I met a young man who from the broadcast, found the courage to attend his church, even though it meant that his future schooling was placed in jeopardy. Surely, Rev. Kovacik deserves our plaudits for his outstanding work for the Lord Jesus, for he has touched the hearts of many, the number which is known only by the Lord himself. In closing, t[illegible] iar words seem most appropriate; to [illegible] friend and faithful brother pastor Kovaci[illegible], done, thou good and faithful servant".

Sincerely,
Rev. Paul Visoky

Dear Paul:

This will be a very brief note. . .

The current (October, 1984) issue of THE ZION contains the article VOICE OF FREEDEOM CHANGES - an excellent and very much deserved tribute to Reverend Kovačik. (There is also a chuckle or two in its . . . the salutation is correctly "Pár Farár" - your "Panfadda" - but that's just an aside.)

Are you aware that Reverend Kovačik's contribution has been taken over by anna Kalandova? She is accorded some nice coverage in the same issue, in connection with her installation. It ought to be stimulating to the readers (especially of the Slovak section) that Slečná Farárka Kalandová is now acting in that important capacity (ably assisted/supplemented on occasion by Reverend Ontko). It might be a suitable item for the next issue of THE ZION.

Cordially,
Paul Stefanik

Joyous Thanksgiving

Our Bountiful Host:

Today our hearts are brimming with joyfulness and thankfulness for thy great love which generates all our blessings.

Father, today specifically, we thank thee for the "good earth" and the farmers who cultivate it to produce a bountiful harvest. We are happily sharing the fruits of this harvest today in the festive spread set here before us, and Father, we thank Thee for the loved ones who will partake of it with thankfulness and palate-pleasing pleasure.

Father, we thank Thee, too, for the "spiritual feast's" hosted all year by our loving Pastor and his dedicated helpers.

And so today, Father, on this joyous day of Thanksgiving, we come to Thee with limitless thanks for Thy all-embracing love which makes our estate a happy one, our harvest a bountiful one!

Amen

"O Lord my God I will give thanks the Thee forever."

Ann Kozik
1984

TRANSLATION OF LETTER SENT BY REV. ANNA KALANDOVA TO MR. ZDENEK R. SEDIVY, IN RESPONSE TO HIS LETTER OF NOVEMBER 18, 1985, WHERE HE INFORMED HER OF HIS DECISION TO REMOVE HER FROM THE DIRECTORSHIP OF THE RFE PROGRAM "PROTESTANT SERVICES":

(Translation prepared by Rev. Jerry Mraz, Chairperson of the Slovak Zion Synod Evangelical Outreach Committee.)

Rev. Anna Kalandova
111 Harding Street.
Trenton, NJ 08611, USA

Zdenek R. Sedivy
RFE/RL, Incorporated
Oettingenstr. 67 Am Englischen Garten
8000 Munich 22, West Germany

1. December 1985

Dear Mr. Sedivy:

Your letter of the 18th of November in which you informed me of your decision to relieve me of the reponsibility to direct the Protestant Worship Services to Czechoslovakia was an unpleasant surprise for me. I consider such a decision to be unfair and unreliable. I was empowered by Mr. Belak to direct the program, and I had the responsibility for the broadcasting of the Protestant Services, and the seeking of my fellow co-workers. I was unable to work cooperatively with Rev. D. Toth due to problems that developed with him even before the beginning of broadcasting. He would not agree to the division of the work which I formulated. He was supposed to have one broadcast a month exactly as had been arranged with Mr. Belak.

Brother Pastor John Kovaick conducted this broadcasting for 33 years. Because of his age and his subsequent retirement, several functionaries of RFE and the Slovak Zion Synod in the USA, began to (as soon as I arrived in the States in 1983), encourage me to assume the responsibility for these broadcasts. Among these persons were Messrs. Stetanek, Belak, Kevtko, and others.

The time of decision took many months during which I struggled hard with myself. On the one hand I saw this as an opportunity to extend the Word of God over the air waves for the hundreds of thousands of religiously persecuted faithful in my homeland. On the other side was the opposing reality -that of not creating further political and organizational problems for my parents, who always had more than their share of such problems. My whole family realized these problems, for I am one of a long line of Lutheran Pastors in Slovakia. My father is a Lutheran Pastor, and my grandfather, great-grandfather, and forefathers before them were also Lutheran Pastors. After months of internal struggles and encouragement of the mentioned functionaries of RFE and the Slovak Zion Synod, I finally made a decision to accept the responsibilities for the broadcasting, risking the problems that would develope with my relatives. I am ready and willing to bear the conseqences of my decision. I would not have, however, taken on this responsibility had I known that the decisions and appointment of RFE would be for such a short period of time and on the basis of such superficial and invalid reasons. You have removed me from the position on invalid grounds, without prior warning, and without even an oppotumity for discussion or defense. I was under the impression that the Administration of RFE would honor either a written or a verbal agreement.

Until 1983 my parents were able to obtain annually from the authorities an exit visa, so that they were able to come to the USA to visit with their children and grandchildren. My oldest sister has been living here for 15 years. However, as soon as I started to work for RFE, neither of my parents have been able to obtain permission to travel here, even though they have requested it four to five times a year. Our whole family (three sisters and a brother with his family), are here with the execption of my parents who alone are in Czechoslovakia. Our only opportunity to meet is for my parents to come to visit us here in the USA because we, their children, are unable to get permission to visit them in Czechoslovakia. My relationship with my parents has been affected because I have destroyed by my decision, their sole means of seeing their children and grandchildren. My relationship with my siblings has also been strained as a result of this. I created for the whole family unnecessary unpleasantness, problems, and heartaches. This situtation cannot be corrected very easily. On this basis, I consider the action of RFE, (through the Czechosovak Director) as unfair. For my family as well as for me difficulties have been created, and therefore I have to complain. I would believe that if any shortcomings were discovered in the Protestant Programing, the administration of RFE would use the proper channels to call attention first to the problems, then to discuss them with me who had been placed in charge of the program, as I had been in a letter from Mr. Belak, dated August 14, 1984. Your decision however has been made which is typically the Munich type - **"about us, without us"**

Mr. Sedivy, it is unlcear why you decided to divide the broadcast time among other denominations, when for several decades it was devoted to the Lutheran Services. It would not be right to deny other denominations opportunity for broadcast time, but it should be done in proportion to the number of adherents of the denomination in Czechoslovakia. And especially the time devoted should not decrease the time already allocated for our Lutheran Church of the Augsburg Confession. This kind of action will meet a strong protest not only from the Slovak Zion Synod in teh USA, but also from the Lutheran Church in America. I desire to convey some information to you about our Slovak Zion Synod, to which my present co-workers for RFE, Rev. Jerry Mraz, and Rev. Milan Ontko, and I belong. It is the only ethnic Synod in the Lutheran church in America which still continues to exist. The reason that it continues to exist is that there still is emigration from Czechoslovakia to the USA, and the (Slovak) language is retained. In the forthcoming new Lutheran Church in the USA which will come into existence in 1988, our Synod will be the only ethnic Synod to remain in existence. As such it maintains contact with the country of its ancestors. It has contact with the churches in the Communist Countries, especially in Czechoslovakia, Yougoslavia, Rumania, and anywhere where there are Slovak Lutheran Congregations. This is a very important and significant responsibility of the Synod. Our Pastors travel to Czechoslovakia, meet with the people there, exchange news for families which cannot have open contact, and bring reports about the broadcasting and reception of RFE, and promote it to the people. They also make contact with Pastors who are out of favor with the regime there. In a forthcoming issue of **The Lutheran**, the official publication of the Lutheran Church in America, there is to appear an article on this work of the our Synod with RFE. In a few days a representative of our Synod will be leaving for Czechoslovakia to prepare the way for an official visit of a delegation from the Lutheran Church in America to the

Lutheran Church in Slovakia. All of this is a battle against Comunisim about which you write your your letter. The work we do with RFE has become part of our efforts in this battle. The Evangelical Outreach Committee of our Synod is preparing cassette tapes of Devotions, which make their way to Czechoslovakia. We also are publishing our official publication, **The Zion**, which we send to Czechoslovakia through official channels. I wish to caution you that any restrictions placed upon the broadcast of the Protestant Serivces to Czechoslovakia, will be met with displeasure among the faithful. I in fact believe, that not enough time is being allocated to broadcasting for the Lutherans as compared to the time allocated to the Catholic denomination. If the proportions of time allocated to each, the Catholics and Lutherans, does not reflect the same proportion of adherents, we will request a rectification of this through proper channels in the RFE Organization.

Furthermore, Mr. Sedivy, I have a problem in understanding the reasons which you give as the basis of your proposed change in the Directorship of the Protestant Serivces. You seem to come from a premise which does not correspond with reality. I do not understand for instance, when you write that you do not want to burden me with unnecessary correspondence and consultations with the contributors. Any correspondence is not worthless, if it is about worthwhile things. Also, Rev. D. Toth will have even more unnecessary correspondence and conslutations with contributors, because he has a larger congregation in Tronto than I have in Trenton (for he will necessarily have more funerals, weddings, baptisms, home and hospital visitations, and work with the youth), and especially since he has an additional paid employment as the secretary of the Slovak world Congress!

Toronto is no closer for instance to Munich or Switzerland, than New York or Trenton, and the coordination of the program will not be easier with, for instance Rev. Pavlica in Switzerland, or with any future contributors. It will also not be any faster, easier, nor cheaper. I can travel to the Studios (of RFE) in New York anytime, for it is only one hour away from my house. There is therefore no need to seek a recording studio in Toronto, nor to have to pay for its use, for I record my programs in the RFE studios and do the editing right there in New York.

Mr. Sedivy, you write that the new operation will be more exacting in time and effort. I do not know how informed you are with the qualifiactions of Rev. Toth to perform exacting tasks. It is apparent that you do not know much about me, for your decision would have been impossible on the basis of comparison of Rev. Toth's and my qualitfiactions. I do not know on what criteria and for what reasons you made your decision.

Permit me to state a few items in the realm of "qualifications":

-Rev. D. Toth never was a Pastor in Czechoslovakia because after the conclusion of his Theological studies he refused to be ordained. He does not know the situation in a Communist state especially in terms of the practical, and in terms of the demands of being a "believer" places upon an individual in such a nation.

-My studies at the Lutheran Seminary in Bratislava was further enhanced by studies in the Seminary in Leipzig, Germany. After my Ordination in 1975, I served for six years as a Pastor of various congregations in Slovakia, always there where the Church sent me.

-Rev. D. Toth desired to be accepted by the Slovak Zion Synod in the USA. One of the requirements of his acceptance by this Body was the completion of further Theological Studies in the Seminary in Phildelphia. He refused to do this, and therefore the Synod could not ordain him and accept him into membership.

-Immdeiately after my arrival in the USA, I began to fulfill the requirements given to me by the Slovak Zion Synod. I received a stipend and went to study in Philadelphia at the Seminary. I completed my postgrduate studies, passed all the exams and today I am an ordained Minister.

I cannot see any reasons, especially any logical reasons, why the coordination of the Protestant broadcast, and respectively of the Orthodox and Jewish ones, should orignate in Canada. On the contrary, all the evidence points to the fact that the coordination should be done in New York. The largest concentration of the Orthodox Catholics and their priests is in the Metropolitan New York area. The largest population of Jews (with the exception of Israel), including Jews from Czechoslovakia, lives in New York. Regarding the Slovak Zion Synod, it is not only the only ethnic Synod in existence in the Lutheran Church in America, but especially it is the only Slovak Lutheran Church organization on the whole American Continent and in the whole Western world. The members of the Lutheran Church in America represent three and a quarter million taxpayers, and of this about 10,000 are in the Slovak Zion Synod. And the whole program of RFE is financed by the USA and not the Canadian government. Also the only broadcast studios for RFE on the American continent are in New York City.

I appeal to you, Mr. Sedivy, that you reconsider your recent decision.

A blessed Advent and joyful Christmas.

(s) Rev. Anna Kalandova.

P.S. In all certainty I desire to speak to you during your forthcoming visit to New York. Please let me know exactly when we will be able to meet.

cc: Hon. Don Ritter, Congressman
Mr. Eugen Pell, President RFE/RL
Mr. George Urban, Director RFE
Rev. James Crumley, General Bishop of the Lutheran Church in America.
Rev. John Adam, Bishop of Slovak Zion Synod - LCA
Rev. Jerry Mraz, Chairman of Evangelism Committee
Rev. John Kovacik

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8000 MUNICH 22 WEST GERMANY
TELEPHONE (089) 21020
TELEX 523226/523604

GENE PELL
President

21 January 1986

Reverend Jerry Mraz
Evangelical Outreach Committee
Slovak Zion Synod - LCA
1370 Washington Avenue
Northampton, PA 18067

Dear Reverend Mraz,

I have given careful thought to the issues you raised in your letter of 6 December 1985.

Our Czechoslovak Service is in the process of reform and rejuvenation. We have, over a period of several months, examined and questioned some of the assumptions on which previous program schedules were based to see whether they still satisfied present-day requirements. It was in the course of that examination that we decided to take a fresh look at religious programming and reorganize it to some extent in an effort to spread the net wider than we had done hitherto. In doing so we were led by the consideration that religion in all its denominations has become an increasingly important force in the lives of the Czech and Slovak nations both as an expression of spirituality and as a symbol of resistance to the Communist system.

It is with these ideas in mind that we have transferred responsibility for the coordination of Protestant programming to the Reverend Dusan Toth. His brief is to gather together contributions from the largest possible variety of religious groups from all parts of the world so that the Protestant Christian message reaches the faithful in all its variety. We will also incorporate Orthodox and Jewish contributions in our religious programming on a larger scale than we have done so far. Our Roman Catholic broadcasts will, of course, continue and be enhanced in our broadcasts to Slovakia.

Let me please assure you that Protestant interests will be faithfully and equitably served and that your cooperation as well as that of the Reverend Anna Kalandova will be sought and valued.

Mr. Zdenek Sedivy will, during his forthcoming visit to the US, get in touch with you to seek the benefit of your views.

Yours sincerely,

Gene Pell

EVANGELICAL OUTREACH COMMITTEE
SLOVAK ZION SYNOD - LCA
1370 Washington Avenue
Northampton, PA 18067

Pastor Jerry Mraz, Coordinator......215-262-3365

January 28, 1986

Mr. Gene Pell, President
RFE/RL, Incorporated
Oettingenstr. 67 AM Englischen Garten
8000 Munich 22, West Germany

Dear Mr. Pell:

Thank you for your response to my communication to you. I received your letter of January 21 yesterday. I apprèciate the consideration and attention that you gave my communications.

I am writing this response to your letter, because I still feel that the whole situation has been dealt with in a manner that was unfair to our participation in the program, due to a lack of an opportunity for a consultation with us. While I know that ultimately any decisions regarding broadcasting over Radio Free Europe is the responsibility of the Director of the particular desk, I feel that before any changes would be made in personnel and content, the current personnel should have been contacted prior to the change with at least a reasonable and understandable explanation and an opportunity for response to the explanation . It is this that we feel had not been done, and this we consider unfair, especially since we were not forewarned that there was any dissatisfaction with the programing as it was being done. I therefore am writing to you again in response to your letter, and ask that you consider the following.

In your letter you state that "religion in all its denominations has become an increasingly important force in the lives of Czech and Slovak nations both as an expression of spirituality and as a symbol of resistance to the Communist system." It is on this basis then, that you state that Rev. Dusan Toth was given the responsibility for the coordination of the Protestant programming. My question is, "What makes Rev. Toth more capable of providing material which will serve those needs than we are?" Also, you state that Rev. Toth's "brief is to gather together contributions from the largest variety of religious groups from all parts of the world so that the Protestant Christian message reaches the faithful in all its variety." I don't understand the statement "all over the world". Why go all over the world? Do we not, through our Slovak Zion Synod and Lutheran Church in America, having contact with the Protestant Churches in Communist Czechoslovakia and Yugoslavia, have the knowledge of what the people want and need? When was Pastor Toth in Slovakia recently? We have had ministers visiting there for language studies and have had contact with the Bishops in Slovakia and especially the General Bishop, Jan Michalko, and General Bishop of the Lutheran Church in Yugoslavia. I feel that due to these active contacts we are in the best position to be able to fulfill the stated purpose of the broadcasts.

I would like to at this time also call your attention to an error in your reference, in your letter, to the "Czech and Slovak **nations**". There are not two nations, but one, the Czechoslovak Nation. I doubt if the peoples of Czechoslovakia would welcome to this division of their nation. Incidentally, this is the politics of the Slovak World Congress, to which Rev. Toth belongs - to divide Czechoslovakia into two separate nations. This, I believe, is also contrary to the interests of our US Foreign Policy.

I have had the opportunity to listen to Rev. Toth's broadcasts over RFE. Having a shortwave radio capable of receiving the program on Tuesday mornings at 1430 hours UCT, I have not found his program to be any improvement over what we had been broadcasting. As a matter of fact, Rev. Toth has used illustrations in his Sermons that would be totally unknown to the listeners, such as making reference to **Archie Bunker on All in a Family, Good Housekeeping Magazine, Jane Fonda**, etc. While they may perhaps be known by some listeners, the question is by whom? The educated and affluent, those who can receive Foreign TV broadcasts? What about the average person? Also, there are other criticisms which I could give but they would take more than I wish this letter to be.

I also am able to compare the quality of the broadcasting and the clarity of the reception. Since Rev. Toth is not doing the recording in a studio but in the church, there is a lot of echo which makes it difficult to understand when there is any interference. To do the broadcast in the manner which Rev. Toth is now doing it, a "live recording", was the original plan when Rev. Anna Kalandova started to do the broadcasting. However, under the advice of the technicians who stated that as a clear and quiet sound would be more desirable, to make reception better due to the "jamming" by the Communists, the recording was being done in the studio. This, as I stated in my original letter produces a better program.

(As I am writing this letter, I had my radio tuned to the 1830 broadcast. I might state that I found Rev. Toth's sermon to be a regular, ordinary, Sunday morning sermon, with no special message to make it more appropriate that what we were doing. As a matter of fact there were a couple of points in which I would question some of his theology.)

You mentioned that you desire our cooperation with the future broadcasts. This is what we would like, but we feel that we will be not given a chance to "cooperate" by Rev. Toth as he already has indicated by his lack of contact with us, as he was directed to do by Mr. Sedivy. I hope that your statement that Mr. Sedivy will be in touch with us when he comes to the US, will become a reality, for we desire to talk to him face-to-face.

Please be so kind as to still keep the possibility open that Rev. Anna Kalandova will be restored to her position, and we can have Rev. Toth cooperate with us as it was once offered to him, but which he refused to do.

Thank you for your patience with all this communication regarding this matter, and for your interest in the problem.

Sincerely yours,

Jerry Mraz

cc: Mr. Zdenek F. Sedivy
Rev. Anna Kalandova
Congressman Don Ritter
Bishop John Adam

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GENE PELL
President

10 March 1986

Reverend Jerry Mraz
Coordinator
Evangelical Outreach Committee
Slovak Zion Synod - LCA
1370 Washington Avenue
Northampton, PA 18067

Dear Reverend Mraz:

I am sorry to have been delayed in responding to your letter of January 28, but business has kept me away from Munich for much of this new year.

As I understand matters, Mr. Sedivy has had an opportunity to talk with Dr. Kalandova in the interim, and I trust the issue has been resolved to mutual satisfaction.

Thank you again for your interest.

Sincerely,

Gene Pell

Sts. Peter & Paul E.A. Lutheran Church

[illegible]

[illegible]

July 20, 1982

The Reverend Dusan Toth
55 Allview Cres.
Willowdale, Ontario, Canada

Dear Pastor Toth:

On behalf of the Examining Committee let me offer a word of appreciation for your willingness to take the time to meet with us in Cleveland.

I would like to forward to you the committee's decision to deny your request for acceptance as a candidate for LCA ministry in the Slovak Zion Synod and to indicate our reasoning for the decision.

During the past six years the Synod has been involved in a process of strengthening our Slovak ministry on all levels. This has involved us in educational programs for Pastors, in publications and also in the development of a relationship with the "Mother Church" in Slovakia that can be characterized by mutual respect and attempts at understanding. We are pursuing such a relationship still actively through the exchange of visits, materials, etc.

It was the feeling of the committee that should you, indeed, be made a member of the clergy of the Zion Synod, your past association with the "World Congress" and your avowed intention to continue such contacts would be potentially injurious to the relationship with the Evangelical Church in Slovakia. This is the case especially due to the overt political overtones that the "World Congress" as a whole projects.

For our part we appreciate the open and honest level on which the discussion was conducted and thank you again for your time. Wishing you well, I am

Yours in Christ,

The Rev. Kenneth E. Zindle

The Reverend Kenneth E. Zindle,
Chairperson Examining Committee
Slovak Zion Synod

KZ:ad
CC: Bishop John Adam, The Reverend Paul Payerchin, The Reverend John Kic,
The Reverend Milan Ontko, and The Reverend Paul Baranek

same letter sent to: Hon. Don Ritter
Mr. George Urban

Lutheran
Church
in America

231 MADISON AVENUE
NEW YORK N.Y. 10016
Cable Lutheran New York
212 696-6790

Office of the Bishop

January 8, 1986

Mr. Eugene Pell
Assoc. Director for Broadcasting
United States Information Agency
400 C Street SW
Washington, D.C. 20547

Dear Mr. Pell:

As bishop of the Lutheran Church in America, I want to express support for the ministry of our Slovak Zion Synod through Radio Free Europe. For a number of years now, this project by our synod has been of great importance to us and assists in maintaining contacts between our people and the people who hear the program in Eastern Europe.

I know that Pastor Jerry Mraz has written you and expressed concern about suggested reorganization of that program and the personnel responsible for it. I would simply urge that you take seriously the comments which Pastor Mraz has written you. There is every reason to believe that the program would not be made stronger by the changes that have been suggested; in fact, just the opposite seems to be the case.

I appreciate your careful attention to this matter.

Sincerely,

JRC

James R. Crumley, Jr.

JRC:bf
cc: Bishop John Adam
Rev. Jerry Mraz

The war rages within him

A 'Journey Back' in powerful strides along the trail of the Nazi Holocaust

By DAVID HINCKLEY
Daily News Staff Writer

"My mother was 32 when she died," says Jack Garfein. He picks up a sepia-tinted photograph—all that remains of Blanka Garfein, a dark-haired woman with smooth skin.

"She grew up believing that if you lived by a set of rules things would not happen, like being killed because you followed the wrong religion."

Even before their train arrived at Auschwitz in 1944, her son now thinks, Blanka knew she was wrong. "She knew she was going to die. When we got off the train she pushed me away from the women and children over to the men. Which I thought meant she was sending *me* to die. For the rest of the war I hated her."

They never got to talk that one out. In the year before Allied troops arrived, Blanka Garfein, her husband, her daughter and more than 100 relatives were victims of a Nazi policy that reduced 6 million human beings to a few charred piles of bone fragments.

Finally Jack Garfein, 55, decided to go over his own story in a film called "The Journey Back," which has its first U.S. showing today in the Clurman Theater, 412 W. 42d St., at 1 p.m.

Back to Auschwitz

It was the state's doing, it was a terrible shame. With nowhere else to go they shake hands and part. On film Garfein is shaken, disbelieving. Watching, he is calm.

This is not, he says, like Nicholas Gage's "Eleni," where hatred and frustration are focused on a single villain. "I don't seek vengeance," he says. "What I want is for Reisteter to say he's sorry, to admit he participated in one of the worst horrors of human history. We owe that to the future. When you take the side of the devil you have to know there are consequences."

> **'I thought she was sending *me* to die. For the rest of the war I hated her.'**

In the end the film's power comes more from the story of Jack Garfein, who readily admits he is here today mostly because the Nazis ran out of war before they ran out of victims.

Garfein was 14 on Liberation Day in the spring of 1945. He weighed 48 pounds. He was strong, though, and by the next fall he was an immigrant

Back to Auschwitz

In the quasi documentar[illegible] a Canadian Broadcasting Corp. c[illegible] follows Garfein back to Auschwitz and his hometown of Bardejov, which during the war was under Msgr. Josef Tiso's Fascist puppet state of Slovakia.

His own memories are intertwined among interviews with other survivors, whose testimony eventually leads him to a man named Stefan Reisteter, district supervisor for the Tiso regime and, at the very least, a passive accomplice in the deportation of Jews to Auschwitz.

The film builds to a confrontation between Garfein and Reisteter with CBC as intermediary. They meet on a street corner and Reisteter, today a well-known member of the Slovakian community in Canada, at first is cordial. "I think he recognized me," says Garfein, watching the scene with clearly measured calm.

Garfein asks why it all happened. Reisteter says he wasn't responsible.

[illegible] by the next fall he was an immigrant in a New York school. His first assignment was "What I Did on My Summer Vacation."

By 1956, he was directing movies in which he helped introduce Ben Gazzara and Steve McQueen. In 1957, he married Carroll Baker, with whom he had two children. They divorced in 1969. Today he runs the Clurman Theater and produces shows like "Avner the Eccentric." He lives in a large, neat West Side apartment full of art and classical music.

"Day to day I enjoy myself," he says. "I just don't have the innocence of my mother and father. I can't pass to my grandchildren the optimism they passed to me. What happened in the camps changed everything."

For "The Journey Back" Garfein returned to Auschwitz, now random ruins on whose snow-swept platform Garfein can point to the spot where Josef Mengele, Angel of Death, made decisions.

JACK GARFEIN in his apartment on the West Side.

PAT CARROLL DAILY NEWS

You go left, you go right. No one goes back. Garfein, shoved among the men, told Mengele he was 16. Moments later he tried to return and say he lied, he was 13. A Jewish guard blocked his path.

"I remember the smell of the camp," he says. "A terrible smell. And factory chimneys. When I got to Auschwitz and I saw chimneys shooting soot and ash I thought they were factories."

Returning to Bardejov for "The Journey Back," Garfein didn't find much to get sentimental about. His house was rubble. Some townspeople would not talk, fearing later taunts of "Jew-lover."

He looked up a friend to whom his father had entrusted a trunk of family heirlooms and found one item, a red tapestry that had hung over his mother's bed. Now it hangs over the bed of the friend's daughter. She considers it her heirloom and will not return it.

So it continues, the parade of people who don't quite understand. "When I got to America the teacher had everyone in the class tell their parents' occupations. When she got to me I couldn't say anything. She brought me up to the front. I still couldn't speak. So she tapped her ruler and finally I burst into hysterics and shrieked, 'DEAD! DEAD!'

"And she said, 'You mean *deceased*.'

"They just had no idea."

Honored Slovakian called a Fascist leader

By DAVID HINCKLEY

Daily News Staff Writer

Jack Garfein was "horrified" that fellow Slovakians would give a community service award to a man Garfein thinks should spend his life apologizing.

That was his motivation for telling his story in the film "The Journey Back," which will be shown today at 1 p.m. in the Clurman Theater, 412 W. 42d St.

Witnesses in "Journey" describe Stefan Reisteter, district supervisor for the Fascist Slovakia regime, as overseer for loading of Jews onto Auschwitz trains—85 to a cattle car. He

Stefan Reisteter

is seen snapping off a Fascist salute.

When a Pennsylvania group honored Reisteter, Garfein decided "to get the truth out." And while he's at it he thinks Slovakians should fight something else: the movement—which he traces to the right-wing Slovak Congress—to beatify Msgr. Josef Tiso, Fascist Slovakian ruler executed in 1947 for war crimes.

"Most Slovakians want nothing to do with these men when they know the truth," Garfein says.

Today's U.S. premiere of the film will have an audience of Slovakian Holocaust survivors. The CBC is working on a second part, tracing other Nazi connections, but Garfein says he's

200 miles
EAST GERMANY
POLAND
Prague
Bardejov
WEST GERMANY
CZECHOSLOVAKIA
Munich
Vienna
AUSTRIA
HUNGARY
Budapest

afraid there is resistance to completing it.

Although he says he was told the second part would air in June, a CBC representative says it's "very unlikely" it will be shown this year. "Something like this requires a lot of checking," she says.

Wednesday, April 9, 1986.

NATIONAL ENDOWMENT FOR DEMOCRACY

WITNESS

EUGENIA KEMBLE, DIRECTOR, FREE TRADE UNION INSTITUTE

Mr. Smith. Eugenia Kemble.

Ms. Kemble. Good morning.

Thank you for this opportunity to speak to you again. I know you have heard a lot from us and I will try to be as brief as I can.

I also want to say that we very much appreciate your interest in the facts regarding the Free Trade Union Institute's program.

I would like to do just two things briefly. One is give you a little bit of an idea of what the cut that was required as a result of a 25 percent cap that was put into the legislation last year has meant for our programs. The endowment itself was virtually level funded, but as the recipient that was receiving the most funds during '84 and '85, a cap of 25 percent had drastic consequences for us. We went from 13.8 million in fiscal year '85 to 4.3 million in fiscal year '86.

Now, we had not spent all the '85 funds. There is a time lag involved here. So as soon as this happened, we did not immediately begin to engage in a stretch-out, serious stretch-out, of the '85 funds. And we have been trying to maintain most of the programs at least at some level. But by the end of this calendar year, I think it is safe to say that the program will severely be decimated if we have to maintain things the way they now stand.

I might also point out that originally in this program labor had an earmark of $13.8 million. That figure goes back to 1982, before the endowment was even created. It was a figure that was worked on between the AFL-CIO and USIA with the hope that an endowment would some time come along. The earmark was abolished in Congress. The reason was programs could be judged on their merits.

In the same vein we think it is unfair to have what now is really a negative earmark, especially when the irony is you have a situation where we are forced to pull back and cut back and tell people that the programs that we originally committed to cannot continue the way they really were.

The endowment is looking for new grantees, people that really have not started. To us there is a contradiction here in terms of the value of making friends abroad. We just feel that we are going to have to say to people, no, at the same time new people are being sought. It just does not make a lot of sense.

I will just go through a quick list in terms of some of the most serious. Chili, one of our most important programs, the union now is cutting their regional offices, closing them down, cutting local staff. The labor watch program that you have asked about in some of your questions to us after the last session will have to cut some of his programs. Its budget has been halved.

The Philippines, I believe you are already aware of. You have had discussions with us and with some of the trade unions themselves about the effect of the cut there.

A program which is not large in scope but is interesting in terms of its meaning where we were working together with the trade union of Israel to try to offer technical assistance in countries of Latin America and Africa. Working with an Israeli union which has its own meaning will now be cut. A program that we were hoping to start in Uruguay, working together with the two-party institutes where the parties there are taking a new interest in the labor movement and the political composition, anti-democratic factions of part of that labor movement.

Portugal, which the Portugese example is behind the history of the creation of the endowment where we have been helping a major central unit there compete with the Communist Central. And we have tried to cut that training back.

That is just very brief. And we can give you more on this particular question but I wanted to give you a little of an idea.

I wonder if I might for a few minutes take up a few of the questions that have been raised previously by others interested in the endowment. It has been said that existing government agencies, USIA, AID, and even the CIA should be doing the work that the endowment is now trying to do and that we do not therefore really need an endowment. Now, from labors perspective—and we have taken funds from two of these agencies, the USIA and AID—there is something the endowment can do that simply cannot be done with government funds.

It has to do with the whole democracy building dimensions of these programs. Educate labor union members about the value of the electrical process, teaching them about parliamentary procedures within their own organizations so that those organizations cannot be captured by anti-democratic extremists. Helping them with publication programs that will answer their competitors, many of whom are funded by the World Federation of Trade Unions, which is the international, funded by the East Block in the labor field.

The whole area of trade union rights where we are able to collect data and offer this to international organizations like the International Labor Organization on the repressive policies of governments around the world against workers. These are things that can only be done with endowment money. They cannot be done with USIA or AID money.

Now, on the final agency mentioned, I must say something about this. At least one Congressman has suggested, even as he presses the need to be accountable and us to be accountable, that the CIA should do this work. Everyone who started this program wanted an open program. And we in labor did too. We have thought we have had understandings about what this means. And we have welcomed the government auditors who have been going through our files, the GAO people.

And I might say, by the way, you are going to get a report from the GAO. And it will be somewhat critical, as it should be. We look at this as something that gives us good counsel in how to improve the management of the program, and we have welcomed their presence. We also welcome the chance to talk to you here.

But an association with the CIA is a familiar false charge that will be leveled at labor by those who seek to discredit us. We would prefer to take the heat generated by an open program. And we want it that way. We only ask that those in Congress who press us on accountability recognize that open and democratic programs will generate controversy. You cannot say in the same breath make the program more accountable and turn it over to the CIA.

And I wish that those who would suggest such alternatives would meet with the kind of Philippino labor leaders who are here this week and who have indeed taken a lot of heat because this is an open program and because they are willing to build programs with this money. Twenty-six labor leaders connnected with these unions have been killed since our endowment programs began. And if they can weather an open program, I think we ought to be willing to maintain them.

Another question that was raised is the whole question of the board composition. And I would just like to say a word about this. And I might say I just want to make clear I am speaking only for labor on this particular question. It was said that the board was created by the authorizing legislation. This is not so. The board is incorporated privately under the DC Corporation Act. And it should really be said that way.

The privateness of the endowment was part of the essence of why it was put together, so that it would have some distance from government. I might also say that the endowment is now looking at its own structure to see if some of the questions that have been raised are legitimate and whether there should be some changes made. But if those changes are made as a private organization, the endowment should really make them itself.

Besides, even if they were a matter for the authorizing legislation, this is not an authorizing process here. I might also say—that is a technicality that surrounds this thing.

You know, their conflict of interest, should the groups really be on the board, that the point here at the beginning—I myself was part of the study that originally recommended that the endowment be created—was that it would be an arena that did not exist anywhere else for the four major private interests in American life, the most representative interests, to sit down around a table and strategize about how to help similar interests in countries who were struggling either to preserve democracy or to create it.

And Portugal was the standard example. People said over and over again when Portugal almost went Communist in 1975 it is too bad that there was not an entity like the endowment to be there, labor parties business, to assist the groups in that country.

And in fact, it was the German foundations that were part of what was behind the idea of the endowment. It was those German foundations that went in with funds to help the private interest groups.

Now, right now, what the endowment is trying to do to pull that out a little, is to have strategies like that, like what Portugal was the model for and never happened. And they have started doing it, they have started doing it in relation to the Philippines, to Chili, to

South Africa, and to Haiti, meetings have already been held that include all the groups and others who are not any of the four who might have an interest in developing a democratic strategy for these countries.

So I think you have to ask in looking at the whole structure question if this structure is different, how would these purposes be fulfilled? And I think you can have a sense of what my answer to that question would be.

I would just like to offer a view in closing here, that I do not believe that the issue surrounding the endowment is really an accountability issue nor do I believe that it is any of the programs that have generated controversy in the press over the last two years. I think it is whether or not it is a good idea and whether there is a commitment to the notion that four major interest groups in American life and others who would get funds from the endowment should have this entity through which to work. And I think that while the accountability issues are legitimate questions and we are trying, all of us in the endowment, to address them, that one must note that those who repeatedly raise these questions do not really want the accountability problem to be solved. They would really like the endowment not to exist. Thank you.

Mr. SMITH. Okay, thank you very much.

[Statement follows:]

86-11

Testimony of Eugenia Kemble, Executive Director
Free Trade Union Institute, AFL-CIO
before the Commerce, State, Justice Subcommittee
of the House Appropriations Committee
U.S. House of Representatives

April 9, 1986

Thank you, Mr. Chairman, for the opportunity to appear before this subcommittee again so soon. You will recall I was here on March 24, when you convened a hearing to review programs funded by the National Endowment for Democracy in the Philippines and Central America. At that time, I spoke of the active and continuing interest of the AFL-CIO in promoting and strengthening democratic institutions, especially trade unions, abroad -- work which has been expanded in significant ways since creation of the National Endowment for Democracy.

The AFL-CIO's Free Trade Union Institute is, as you know, the largest single grantee of the Endowment, and in turn provides funds to programs in over 30 countries. They are administered either by us or one of the three regional institutes of the AFL-CIO -- the Asian American Free Labor Institute, the African American Labor Center or the American Institute for Free Labor Development, which works in this hemisphere.

Together, we are engaged in civic education and democratic development activities around the world and have been for many years. We work principally with trade unionists in other countries, helping them in a variety of ways as they request. We also work with other kinds of organizations; our only hard and fast requirement is that the people with whom we work be democrats committed to building free societies.

As I said here two weeks ago, the AFL-CIO and the many friends of the United States with whom we are able to work, thanks to support provided through the Endowment, are grateful for the support shown by this subcommittee for our work. In order that it be as clear as possible to interested members of the Congress what we do with the money that is appropriated, I would like to take this opportunity to respond to a question that was asked of us by this subcommittee shortly after that March 24 hearing, in written questions supplied by the subcommittee staff.

Included in a series of rather finely tuned questions about particular programs and procedures of the Endowment was one question whose importance simply dwarfed that of all the rest. It touches on every aspect of our work and I would like to reply to it today. Under a subsection entitled "program operation" is the following:

> ...6. The conference report on the FY 1986 Appropriation Act specified that no grantee of the National Endowment for Democracy should receive more than 25 percent of the total amount made available for FY 1986. What will be the impact of that limitation on the Endowment's programs and the activities of the institutes?

This is the "25 Percent Cap". Let there be no mistake about it; the cap affects only one grantee of the Endowment: the Free Trade Union Institute. We are the only organization that has ever received more than 25% of the Endowment's funds in any year.

In the current fiscal year, because of this statutory restriction, we are scheduled to receive almost exactly 25% of the funds expended.

'What will be the impact?'

Well, it has meant, in short, a cut in funding of 68% in the current fiscal year! In FY 1984, the Free Trade Union Institute applied for, and was awarded, grants totalling $11 million. In FY 1985, FTUI was awarded grants totalling $13.8 million. (By the way, that $13.8 million figure was calculated by USIA and the AFL-CIO as what it would take to support a labor democracy-building program back in 1982, before the Endowment was even created).

In the current fiscal year, however, which for most intents and purposes began just last month, the 25% cap means that the maximum amount that may be awarded to our institute is $4.3 million.

'What will be the impact?'

Commitments reluctantly broken; friends of America labor and indeed, the United States itself cast adrift, in sometimes treacherous waters; American influence abroad diminished; rational program judgement set aside.

I would like to make clear that we do not expect to regain our former dollar commitment from the Endowment in the immediate future. We are well aware of the financial constraints on the Congress, and we are supportive of others developing the kind of expertise in this field that we have had for years. We are not asking for the reestablishment of any earmark committing the Endowment to give labor a set proportion of its budget. It would not be our intention to ask for a proportion as high as what it has been in the first two years.

But, the same sound argument that was used to abolish that earmark -- that the Endowment Board should have discretion in judging programs on their merits -- should still apply. We believe our programs should be allowed to compete freely for grant awards without artificial restrictions.

There is another point to consider here. What this restriction means is that while the Endowment is out looking for new programs, our ongoing programs are being cut. This simply doesn't make sense. While we are forced to slash tested programs and break existing commitments, the Endowment is looking around for new endeavors.

It must be noted that the impact of the cut has been somewhat cushioned by the fact that the Endowment has been obliged by the Congressional calendar to wait until 3, 4 and 5 months into each fiscal year before making the first grants financed by that year's appropriation. Because programs begin late in each year, funding is generally not expended completely until the next year or later. Moreover, the uncertainty that has accompanied each year's Congressional deliberations about the

Endowment has obliged grant recipients to treat each grant as if it might be the last. So grant recipients -- labor is no different than other grantees in this respect -- have stretched the use of those funds into subsequent years. This means that at the present moment, there are funds appropriated in FY '85 that are still being spent. The Endowment Board, having only last month made the first awards of FY '86 funds (in the sixth month of the fiscal year) it could not be otherwise. This is a normal delay in the expenditure of federal funds.

But we have already begun telling our friends around the world -- in the Philippines, in Chile, in South Africa, in Poland, in Central America -- that the promise of the Endowment may have been greater than its ability to deliver. People and leaders in difficult circumstances, who have taken the risk of close public identification with Americans, are now realizing that they may be left on their own.

The details of how our financial commitments will be reapportioned are now being worked out, but the shape of our future program is coming steadily coming into focus. Yesterday, our Asian affiliate announced that it would begin a program of lay-offs and furloughs of staff -- the same personnel who are needed to assure that the program is "accountable".

The cutback of 68% in the funds available to labor will mean at least the following abroad:

Latin America

- Refugee assistance to trade union leaders and their families -- forced into exile from their homes in

Nicaragua, Paraguay, and elsewhere in the hemisphere -- has been curtailed and will terminate shortly.

- Financial support to the Permanent Commission on Human Rights in Nicaragua, a courageous and beleaguered organization of individuals who have monitored, confirmed and reported to the world on the status of human rights in Nicaragua through both the Somoza and Sandinista regimes, has been ended.

- In Chile, where trade unions are part of a broad-based democratic movement struggling with the Pinochet dictatorship, AIFLD has been obliged to reduce the scope of organizing operations by closing regional offices, and cancelling training seminar...

- Several regional training and education programs for young union leaders in Central America, administered in cooperation with the Venezuelan trade union federation, have been vastly reduced in scope.

- Labor Watch, a program launched in 1985 according to which trade unionists in countries throughout the hemisphere would report to a central data base on instances of political repression and human rights problems affecting democratic trade unionists, is being halved (from a budget of $136,000 to $65,000). This means there will be fewer voices able to speak out effectively in international councils about deprivations of basic human rights in the Americas.

ASIA

- In the Philippines, support for various programs of the Trade Union Congress of the Philippines, which has played a vital role in the democratic revolution now unfolding there, has been reduced from $2.3 million in FY 1984, to $1.3 million in FY '85 -- and is currently being scaled down further, to accommodate a budget of only $600,000 in FY '86.

  In practical terms, this means that support for union-managed credit cooperatives has been halved. An innovative membership service program involving the deployment of nurse practitioners to rural communities where Communist influence is strongest and health care most minimal a program in which the nurse practitioners also provide education on democratic principles and trade union policies is being reduced because of an inability to pay the nurses.

Moreover, in the face of such massive funding cutbacks, labor institutes are generally unable to follow up fully on new requests for urgently needed assistance. In places like Haiti, for example, where a dictator has recently been removed from power and people, including the few organized trade unionists there, are currently engaged in the political and economic reorganization of a troubled society -- we have only started a minimal program. This is precisely the kind of place where the Endowment should, we believe, be engaged in supporting the strengthening of democratic institutions. Yet we will be unable to build a program of consequence there if the cap remains in effect.

In Uruguay the cap presents another kind of dilemma. A civilian government regained control from the military there in 1985? The two principal political parties are now interested in developing programs that would appeal to union members, whom the parties would like to integrate into the constitutional political process. We have had discussions with the National Democratic Institute and the National Republican Institute about the possibility of cooperating in a program to meet this need. Among the difficulties we face is the prospect that the American Institute for Free Labor Development, the AFL-CIO's regional institute in Latin America, would be unable to receive funds from the Endowment for such work -- because of the 25% cap.

I respectfully submit that this restriction is unwarranted -- and worse, it is harmful, in ways I have described. I would urge that this subcommittee and the House of REpresentatives examine in greater detail the effect of this restriction, and reconsider it. We of the AFL-CIO would like to see the restriction removed.

For the further information of the subcommittee, I have appended to this testimony a 12-page summary of the programs funded by Endowment grants made to the Free Trade Union Institute in the last fiscal year. Virtually all of these programs will share the burden of the 68% cut that has been imposed on labor's work in democratic development.

I would be pleased to respond to questions.

FREE TRADE UNION INSTITUTE PROGRAM HIGHLIGHTS

During the 1985 fiscal year (October 1984 to September 1985) the Free Trade Union Institute was able to consolidate programs begun as early as April 1984, begin many new efforts and engage in wide-ranging education activities to explain its initiatives to constituencies in Congress and within the ranks of the AFL-CIO itself.

Funding from the National Endowment for Democracy has enabled the AFL-CIO to assist its many free trade union counterparts in many unprecedented ways ranging from education about voting and elections to union-building and basic servicing. Assistance offered, always at the request of the foreign union, has enabled the AFL-CIO's many democratic allies to grow stronger, particularly in situations where, without such aid, repressive governments and subversive movements would otherwise make life for free unions virtually impossible.

In the year ending September 30, 1985, the Free Trade Union Institute supported democracy-building efforts in Europe, Asia, Africa, Latin America and the Caribbean. Its priority concerns focused on the themes listed below. Beyond these themes this summary selects a number of programs worthy of special note.

* Monitoring Trade Union Rights. Documenting trade union rights violations is among the highest of the Free Trade Union Institute's priorities. With more specific information on government efforts to intimidate unionists, American labor and the international labor movement will be better able to dramatize particular repressive acts and to carry the cause of resisting them into a variety of international bodies. The AFL-CIO seeks to provide this information to the International Confederation of Free Trade Unions (ICFTU), to which it is affiliated, and through the ICFTU to the monitoring bodies of the International Labor Organization.

* Support for Exiles. FTUI provides subsistence support to exiled trade unionists and their families. These exiles also often need funds for maintaining valuable contacts with democratic trade unionists remaining in their countries. Such contacts and the information coming from them can provide both the hope and the practical means for the future reinstitution of democratic trade unionism.

* Civic and Electoral Education. Democratic unions are increasingly interested in urging their memberships to become more involved in elections. They are looking for technical assistance and support in such non-partisan voter activating efforts as education about issues, get-out-the-vote drives, and the production of election-related

events and materials like buttons, bumper stickers and ads. Unions facing competition from anti-democratic elements are looking for training related to parliamentary procedures, democratic values and preventing takeovers by extremist minority factions.

- Aid to Democratic Trade Unionists. Whether they are leaders of democratically-controlled unions or democratic trade unionists competing to win membership support in organizations now hostile to democracy, free trade unionists often need help. Some require additional research and information or technical assistance in their efforts to counter what are often the well-financed activities of unions or other groups that oppose free trade unionism.
- Union-building. Aspiring democratic unions need basic support in developing representative structures, the apparatus required to service members, and the publications needed to communicate with them.

What follows is a brief account of areas in which Free Trade Union Institute programs have made a concrete difference in strengthening democratic unions and promoting democratic values. The examples are taken from a wide variety of settings in which the Free Trade Union Institute supported programs in the reporting year October 1, 1984 - September 30, 1985. Programs funded with FY '84 and/or FY '85 funds are included in the list.

PROGRAM HIGHLIGHTS

ASSISTANCE TO TRADE UNION EXILES

The repression of democratic trade union activists and reprisals against their families is a practice common to a number of Latin American countries. In 1984-85, the Free Trade Union Institute, working through the American Institute for Free Labor Development, provided material assistance to exiled trade union victims of repression from Nicaragua, Chile and Paraguay.

Over the course of the year 300 families of Nicaraguan trade union exiles were provided with assistance to help maintain themselves in exile, primarily in Costa Rica. Assistance also was provided to the publication Unidad, a monthly which has played an important role as a source of information within the Nicaraguan exile community. Unidad, which publishes reports on developments within Nicaragua that are censored by the Sandinistas, is now mailed to over 100 countries in an effort to serve as a counterweight to Sandinista propaganda. Several families of trade unionists sentenced to internal exile in remote parts of Chile are being provided with material assistance. Paraguayan labor leaders, blacklisted for their free trade union activity, are receiving support for food, clothing and medicines for themselves and their families. The program has contributed to alleviating the economic distress of courageous men and women engaged in the fight for worker rights. Such assistance is both a necessary expression of international labor solidarity and an indication that union activists are not alone in their struggle for freedom.

CHAD

FTUI support, through the African American Labor Center, assists the Confederation Syndicale du Tchad (CST) in promoting democratic values and pluralism in a state which is suffering from the ravages of civil war and drought. The CST, likewise, faces the challenge of rebuilding a trade union movement in a setting in which a rival Libyan-backed federation UNATRAT is active. Assistance in the last year enabled the CST to rebuild and renovate its Bourse du Travail. The building's renovation is completed and the CST now has a functioning national headquarters. The building adds to the visibility and prestige of the CST and, together with renovated training buildings, has created a base for education seminars and union meetings. Two basic leadership courses have been provided and a vehicle has been acquired enabling CST leaders to meet members more frequently.

CHILE

Despite government repression, severe restraints on union activity, and Communist rivals, in the last year, the Chilean Central Democratico de Trabajadores (CDT) has been assisted in its effort to become the principal voice of free trade unions in the nation. In the reporting year, the CDT was assisted in establishing a presence in most of Chile's urban centers; it has improved its publications capabilities; and has shown a substantial increase in membership.

In the year ending September 30, 1985, the CDT has registered the following gains:

1) increased its membership from 80,000 to 130,000;

2) enhanced its national presence through a network of regional offices which provide legal, administrative, and other assistance to affiliates. In the reporting period, the number of regional offices has grown from 3 to 9;

3) tripled circulation of its news bulletin, which now numbers 10,000 copies. Additionally, the CDT has begun "Tucapel" -- an information service;

4) held three separate conferences for more than 700 participants on the transition to democracy.

In addition to these activities, the CDT has launched a nationwide petition campaign to build support for a national referendum on steps toward the transition to democracy. This campaign began in September with the placing of two full-page ads in national weeklies, daily radio spots on three national radio networks, and three public rallies in major population centers.

The CDT has gained the momentum to carry it to the forefront of the democratic forces fighting for an end to dictatorship and for a return to democracy. In a country where the collection of union dues is forbidden by law, FTUI assistance has been important to the CDT's growth.

DOMINICAN REPUBLIC

In early 1984, the Dominican Republic was plagued by street violence and confrontations which took over one hundred lives and left many hundreds injured. The violence erupted after the government's imposition of strict economic austerities prescribed by the International Monetary Fund. With violence threatening the stability of the Dominican Republic's democratic system, the Confederation of Dominican Workers (CNTD) sought NED assistance through AIFLD to initiate a national discussion on workable alternatives to the government's harsh economic policy. A program of "National Encounters" in 1984-85 brought together labor, civic, church, and political leaders at critical points throughout the year to defuse violence and promote constructive dialogue with the government. These dialogues did not eliminate all differences between the government and workers and there were strikes, unrest and protest demonstrations, but the dialogue avoided civil violence and led to some improvements.

In the final analysis, the National Encounters succeeded in: 1) getting the conflict on economic policy off the streets and onto the conference table; 2) maintaining discussion, with government participation, despite periodic interruptions; 3) avoiding violence and protecting the democratic process; and 4) strengthening the leading role of the CNTD as the leader of organized labor in the republic. The latter goal has been achieved with the tacit acknowledgement of the Communist-led labor confederation.

In the last year, the program has been successful in protecting democratic institutions and the process of peaceful protest and debate, while also attaining some concrete material improvements through a new minimum wage law.

The "National Encounters" have won great credibility within the Dominican Republic. Dialogue resumed again in September with the government as a participant.

GRENADA

In the reporting year, FTUI assistance, through AIFLD, contributed to a voter turnout of 86 percent in that country's first elections since the restoration of democratic rule. Assistance provided to the non-partisan Committee of Trade Unionists for Civic Awareness played a central role in non-partisan voter mobilization through the distribution of posters, pens, bumper stickers, radio public service announcements, public meetings, and the transporting of voters to the polls. In the period after the election, assistance has been provided to the Committee for Understanding and Enlightenment (CUE), a broad-based coalition consisting of democratic unions, employer groups, and voluntary community organizations. The CUE has engaged in a literacy campaign and democratic education through essay contests in public schools, a library enrichment program, and assistance to private volunteer groups.

CUE has succeeded in becoming a focal point for community leaders on the island and has opened up communication among various sectors of Grenadian society which had been isolated from one another. CUE also has succeeded in overcoming apathy engendered by the dictatorships of Eric Gairy and Maurice Bishop. Most importantly, the CUE is promoting among Grenadians the concept of the value of the individual's participation in the democratic process and is overcoming the passivity which emerged out of years of colonial rule and subsequent "paternalistic" dictatorships.

LIBRO LIBRE

As part of a broader effort to promote pluralistic expression and to make pro-democratic books available to workers and trade unionists in the region, support is provided to Libro Libre, a Costa Rican publishing house. Libro Libre, which has the support of the Central American Federation of Workers (CTCA) and the American Federation of Teachers has been provided with funds to publish and distribute books and pamphlets on the issues of human rights, political pluralism and the relationship between the state and society.

In the reporting period, Libro Libre has produced more than a dozen books with FTUI funding, administered by the AIFLD. Among these are books on the Miskitos and Sumus Indians in Nicaragua, Religion in Nicaragua, the Encyclicals of Pope John Paul II, Democracy and Development and the East-West Confrontation in Central Amierca. Late in FY 1985, Libro Libre began production of Intercambio, a journal which reproduces and reviews articles on the state of political liberty and democracy in the world. In addition to the dozen books produced and distributed in 1984-85, seven other volumes are in various stages of preparation. These deal with "Trade Unions and Soviet Global Strategy," "Social, Economic and Cultural Rights in the International System," and "Democratic Philosophy."

While the book publication program has been extremely successful, efforts are being made to improve marketing and distribution in the next reporting period.

NICARAGUA

Despite severe harassment, constant government surveillance, and a recently announced suspension of such civil rights as the right to free expression, public meetings, press freedoms, and strikes, efforts continue to maintain lines of communication with the Confederation de Unificacion Sindical (CUS), Nicaragua's embattled democratic labor federation.

The CUS has played a critical role in defending the rights of workers and in mobilizing and organizing the democratic forces committed to peaceful change in Nicaragua. In the summer it held an impressive Labor Day demonstration which attracted over 1,500 participants. Although the rally was broken up by Sandinista police, the demonstration indicated that the independent labor movement by no means has been defeated.

Support to the CUS has enabled that union to continue to publish a monthly magazine, Solidaridad. Assistance from the Free Trade Union Institute to the Nicaragua Human Rights Commission has helped that organization in providing aid to victims of Sandinista repression and in documenting human rights abuses.

In the current context of intensified repression, the work of the CUS and the Human Rights Commission is vital to the survival of democratic forces in Nicaragua.

PHILIPPINES

In the context of a deteriorating political and economic situation, the Free Trade Union Institute has provided significant assistance to the democratic trade union movement in the Philippines with the aim of strengthening the role of the democratic center.

Such assistance has meant that 1984-85 has seen substantial progress for proponents of democracy on the trade union front. The Trade Union Congress of the Philippines (TUCP) and the National Congress of Farmers Organizations (NCFO) have undertaken hundreds of NED-funded programs which have reached, trained and assisted over 100,000 workers and peasants thus far. Over 100 programs and projects are being supported in a variety of areas. Among the most important are:

1) Newspapers/Mass Media. The TUCP and NCFO have been assisted in launching or upgrading seven publications. These publications promote democratic values and criticize the Marcos dictatorship as well as the anti-democratic left. Assistance has enabled the TUCP and NCFO to expand the use of radio programs and commentaries, pamphlets on key issues, and video tapes used in training of activists and key leaders. The media effort has not been without cost. Two trade union broadcasters were murdered by their anti-democratic opponents.

2) Worker Organizing. In a year which saw severe economic decline and increased unemployment, the TUCP not only maintained its membership, but increased it by over 8,000 members. This net increase indicated that many additional thousands of new workers were organized to offset losses due to economic decline. Such organizing gains are significant in a setting in which many workers fear the loss of their jobs if they sign union cards. Funding supported organizing drives in hundreds of workplaces throughout the country, as well as education sessions, the distribution of publications, and health and credit services.

3) Rural Programs. A major focus of the rural effort has been the creation of coalitions with civic and church organizations to promote the interests of peasants and farmers. Agricultural training courses have been supported. One hundred eighteen children of workers have been trained and provided with assistance to begin individual or cooperative agricultural projects. The program includes the provision of medical services through teams of nurses; farm credit programs to help workers escape exploitation by loansharks, and marketing programs. Fifteen seminars on democratic ideology as embodied in cooperative and trade union precepts have been conducted, as have a number of social awareness seminars which bring together union leaders, civic activists and government representatives for discussion. More than 82,000 more rural workers have been organized this year.

The concrete results of these varied forms of assistance have strengthened the TUCP/NCFO coalition. Participation of the TUCP and NCFO in the National Movement for Free Elections, a widely respected non-partisan organization, has also been an important development which places trade unions at the center of the movement for democratic change.

POLAND

Support is provided for the collection and translation of Solidarity's underground publications and for their distribution to Western trade unions and human rights organizations. In addition to this external support, the Free Trade Union Institute assists the Brussels-based Solidarity Office Abroad in its efforts to provide direct assistance to the Solidarity trade union movement inside Poland.

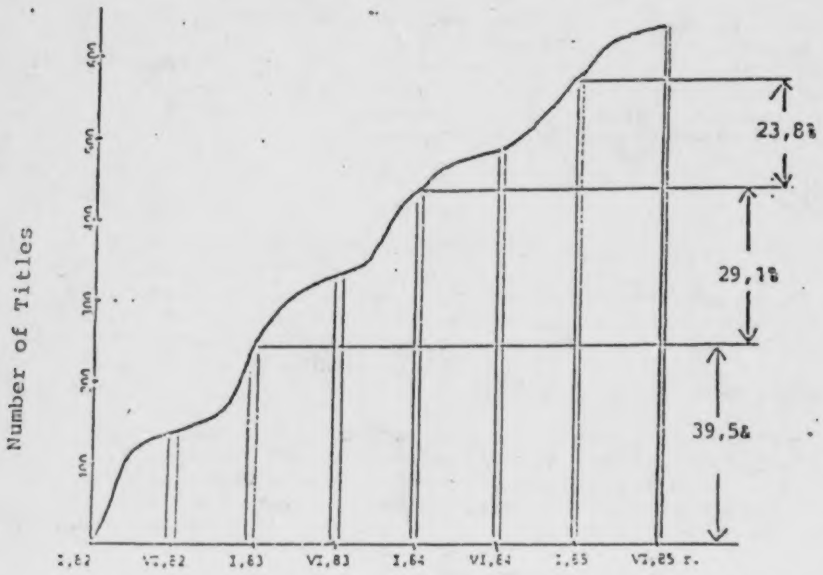
In large measure, this assistance supports the outlawed union's communications activities. Although the specific details of such assistance are confidential, Western commentators report that in the last year there were some 600 different periodicals appearing in the underground and reaching an audience of millions. The Polish underground press has enabled the union to communicate effectively with its members thus breaking the government's monopoly on mobilizing opposition to repression.

The following chart is based on materials from a major western archive of underground Solidarity publications. It, and the accompanying graph demonstrate the number of publications currently appearing in the underground press, and the years in which they appeared. The point of these statistics is not to show that assistance has supported such an increase, but rather it is to show that the Solidarity underground press is a growing phenomenon, which deserves further support.

Year	Titles	Percentage
1982	250	35.5
1983	184	29.1
1984	150	23.8
1985	48*	7.6
Totals	632	100.0

* The first half of 1985

The following graph illustrates the same development but at six-monthly intervals:



PORTUGAL

Support was provided for organizing, research, information, and shop steward activities of the Uniao Geral de Trabalhadores (UGT), Portugal's major democratic labor federation. The UGT faces stiff competition from the Communist Intersindical. Support in the last year funded organizers active in 15 occupational categories including agriculture, chemicals, mineworkers, and public services. A special program supported a teachers organizing effort. Additionally, the activity of union offices and staff were supported at the regional level, enabling the national federation to enhance its presence throughout the country. The regional offices provided assistance in organizing democratic education and provided legal assistance to local union affiliates and union members.

The organizing effort showed particular success in the following sectors: banking, agriculture, chemical, metal, mining, and fishing. The program has also registered sustained representation gains among shipyard workers and among hotel, food and tourism workers, where the Communist unions were dominant. An important component of the institution-building effort was a program of democratic education for union shop stewards and the rank-and-file.

SOUTH PACIFIC

A major initiative funded by the FTUI is the recent establishment of an American trade union presence in the South Pacific. The goal of that presence is to help unions and related institutions with their training and infrastructure needs and to promote democratic education. This presence is particularly significant in the context of increased activity by the Communist World Federation of Trade Unions in the region.

A FTUI-supported office of the Asian-American Free Labor Institute has been functioning for a year in Suva, Fiji. The office coordinates and sponsors projects in six South Pacific countries. Among the projects which were supported in the last year are: 1) occupational safety and health seminars for 15 Fijian trade unions; 2) the donation of a small library of U.S. labor publications to a Fijian government workers union; 3) assistance to Western Samoan unions for headquarters staffing, office equipment, and research; 4) assistance to the Vanuatu Trade Union Congress and the Kiribati Trade Union Congress for research and publications staff and for office equipment; 5) travel grants for local union leaders to attend training courses in Israel on Cooperation, Development, and Labor Studies; 6) two week-long publications and media seminars for Papua New Guinea trade unions; 7) leadership training for teachers; and 8) region-wide cooperative seminars.

NED-funded programs have only recently taken root, but already they are warmly accepted by regional leaders. A struggle between competing definitions of legitimate trade unionism is beginning.

SOVIET LABOUR REVIEW

The Free Trade Union Institute supports the research and publication activities of the Soviet Labour Review, a British based bi-monthly. The Review is the only English-language periodical devoted exclusively to a detailed examination of labor, trade union, and worker rights issues in the USSR. The journal is distributed to Western trade unionists, opinion-makers, experts on Soviet affairs, human rights organizations, and government officials. Its research activities provide reliable and accurate information on Soviet abuses of worker rights and the suppression of democratic trade unionists in the USSR. The Soviet Labour Review was assisted in increasing its distribution and circulation and is reaching a larger segment of the world's English-speaking trade union community.

TRADE UNION RIGHTS MONITORING

A major focus of Free Trade Union Institute supported projects is the collection of information and the sponsoring of original research on trade union and human rights issues. This documentation can be used as the basis for both publicity campaigns against repressive governments and the development of trade union rights cases to be used in such forums as the International Labor Organization. The FTUI has coordinated research on trade union rights violations in South Korea, Romania, Nicaragua, Suriname, Guatemala, and Haiti. It has also supported research on Soviet use of slave labor. FTUI support to human rights groups has been used to document Polish violations of trade union rights and to translate and disseminate the reports and studies of Polish human rights groupings.

An important project supported by the FTUI is a "labor rights watch" program focusing on Latin America and the Caribbean. At its center is the Inter-American Committee on Human and Trade Union Rights. Established in May 1985, the Committee investigates, documents and publicizes violations of basic human rights and labor rights throughout the hemisphere.

The Committee includes prominent Latin American trade union leaders and is headed by Executive Director Luis Anderson, former head of the CTRP, the Panamanian Federation of Workers. In less than half a year of activity, the Committee has begun an inter-American reporting system on violations of labor and human rights and has dispatched fact-finding missions to investigate alleged violations. The Committee's activities in the reporting period focused on Chile, Guatemala, Haiti, Nicaragua, Paraguay and Suriname. In addition, strong representations were made in behalf of kidnapped trade unionists in Guatemala, jailed labor leaders in Chile, and on working conditions in the Haitian sugar industry. The Committee has also laid the groundwork for a speaking tour for Solidarity leader Jerzy Milewski, which will take him to Brazil, Venezuela, Argentina, and Peru. The Committee has made itself an important factor on the human rights scene. It has expanded the cooperation between trade unions and human rights organizations in a number of countries in the region. Similar committees are planned for the Asian and African regions.

WEDNESDAY, APRIL 9, 1986.

CRIME VICTIMS FUND

WITNESS

JOHN STEIN, NATIONAL ORGANIZATION FOR VICTIM ASSISTANCE

Mr. SMITH. John Stein.

Mr. STEIN. Thank you, Mr. Chairman.

I am John Stein with the National Organization for Victim Assistance sitting in extemporaneously for our colleague Gilda Cobb Hunter, who obviously was delayed and was unable to get here from South Carolina. She is with the National Coalition against Sexual Assault. Both of us would be saying the same thing.

Let me say first off that our organization can claim something that hers cannot. We held our annual—one of our annual conferences in Des Moines two years ago. And may I say that reason we selected Des Moines is that it one of those places where victim assistance is done well, done fervently, that crime victims are sped on to the road to recovery, and are treated decently in the criminal justice system.

Des Moines is unusual in that way. And it was for that reason I believe that the Crime Victims Fund was created by Congress two years ago and to see to it that the rest of Iowa, the rest of the nation, gets those kind of services.

I will make three points if I may in defense of the Crime Victim's Fund, which as you know, entitlement program is not the right word. It is a dedicated fund. Of all Federal criminal funding into this fund up to a ceiling of $100 million, actually about 70 million was collected last year, is being spent now. The Administration has sought to reduce that to $35 million, a very unwise action.

Let me make my three points briefly if I may. First, what is the rationale for such a Crime Victim's Fund? There are at least three that come to mind. One is that addressing the problems of victims of crime is a joint responsibility of the Federal and state governments. That is not my term, that is the Administration's term when it sent up its bill.

Secondly, it is a classic example of using Federal funds, even though it is really Federal offenders, but Federal funds to have a pivotal leadership effect in our localities. These funds already have had an enormous reform effect among victim compensation programs in Iowa and virtually all the 44 states that have compensation programs. They have simply become more generous in their consideration of the victims of violent crime from homicide through other injurious crimes, to be more kindly considerate of them because they have a subsidy from the Feds and can afford to do the things they have always wanted to do.

In a similar way it is having a leverage effect in service programs to victims. More state and local money in fact is being generated in service to victims.

But the third reason that the fund was created was quite simply in the words first of the President's Task Force on Victims of Crime and then finally out of the mouth of the President himself, that the way we treat victims in America is a national disgrace. Most of the them are left to the ministrations of what families and friends can do and are treated as less than interested bystanders by our criminal justice system.

Now, we know that does not have to be the case because Polk County has taught us it does not have to be the case. That is the norm, and that is the national disgrace that the President and his task force wanted to address with this legislation.

On the reliance that the money would keep coming, the states have done—there has been an extraordinary responsiveness on the victim compensation side, on the promise of the victim's services side which is the larger part of this program. We have not seen that realized yet. The subject grants are only now going out in only a few states. The rest are trying to plan it well and to reach as many victims of traumatizing crimes as they can with the dollars that they have.

But we have one picture in our mind which we think is emblematic of what the Fund could do and it is likely to do if it continues. Betty Jane Spencer's four sons and hers were, as she says, murdered one night in a neighboring state, which I forget—Indiana, I am sorry. She says that all five of them were murdered. She happened to live to tell about it. The gunshots did not kill her, but did kill her four sons.

She was a very effective and remains a very effective victim advocate for victim rights and services in her state, but has branched out to take on services to other victims. And she happens to be a very gifted counselor. We've seen her at work in making the lives of people bearable when life was unbearable. She has done this as a labor of love now for several years.

The Victims of Crime Act and Crime Victim's Fund make it possible for Betty Jane and so many people like her to take what was an advocation and be able to give full-time as a profession on a modest salary to be a full-time victim's services person. What she wants to do is what we wish for her and all like her. And it is exactly what the President and the Justice Department had in mind when they urged Congress to adopt their proposal.

Now, they are for reasons that to us are inexplicable seeking to have the fund cut more than 65 percent. With the way the formulas work, the hardest blow will be on the victim services side. But even on the victim compensation side, all the reliance that the states put on the existence of the fund is now being thrown back in their face. I mean this is the first year that the thing is operating, and this is happening.

We hope very much that your Subcommittee, Mr. Chairman, as well as the Judiciary Committees of the House and Senate will indicate to the Administration the mistake that they made, keep the fund operating as it was intended to do. And remember that when they sent up their bill less than two years ago, it was they who selected the very term that we are trying to preserve here, and they were right then. It's the Crime Victim's Fund they created out of the fines and penalties for offenses imposed on Federal crime offenses.

I think that set up a relationship of support and commitment that I hope the Subcommittee will stick to and that the Administration will be sooner or later proud to stick to too.

Mr. **Smith**. Okay, thank you very much. It is a good statement. Do you have some material——

Mr. **Stein**. I will be happy to get some. I am a last-minute substitute.

Mr. **Smith**. Okay, thank you.

[Statements follow:]

Testimony of

The Honorable
Wes Watkins
3rd District, Oklahoma

Before The
SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE AND JUDICIARY
Committee on Appropriations

Wednesday, April 9, 1986

Thank you, Mr. Chairman and Members of the Committee, for allowing me this opportunity to testify. I know your time is limited, so let me get directly to the two items I want to cover.

The first issue, has a bearing on the entire nation. Our trade deficit has risen from $28 billion to $149 billion over the last five years. Our standard of living is being decreased. The U.S. manufacturing and industrial base is eroding at an unprecedented rate. Something must be done to increase U.S. exports if we are to return the U.S. trade imbalance to a positive position. Last year, this Committee provided $250,000 in funding for the development of a Center for International Trade Development as a five-year national demonstration project at Oklahoma State University in Stillwater, Oklahoma.

The funds provided by this Committee are being used in conjunction with state, local and private funds to establish a comprehensive research and service center including, providing education and technical assistance in foreign languages and relations, international management, marketing, economics, finance, insurance, and transportation to assist agriculture, business and industry in the state and region in entering the international market place.

This Center is envisioned to be when fully operational, a one-stop shopping center for an individual, small business or corporation wanting to enter the international marketplace. My experience has been that perhaps one of the major deterrents of breaking into international markets is the lack of a concerted, focused effort to provide the information needed on how this might take place. I recall a few years ago when a constituent of mine approached me needing assistance on how he might export oil equipment to the nation of Indonesia. I found that it became a matter of finding those individuals who could give the direction needed and then link them with my constituent. At that point, I wondered if a central location could be established so that an individual needing assistance would not be required to expend the resources that I did in finding the information needed. Because of these contacts my constituent has since begun exporting oil equipment to Indonesia.

In conclusion on this topic, I would ask the consideration of the Committee to continue funding at the same level of $250,000 for the second year of a five-year national demonstration program that can strengthen our industrial and manufacturing base and assist in turning the tide of the U.S. trade deficit.

The second issue involves the Center for Utilization of Federal Technology. As you know, in past years Congressman Don Fuqua and I have testified before you about implementation of the Stevenson-Wydler Technology Innovation Act, P.L. 96-480. I was the author of Section 11 of that Act, which deals with technology transfer and commercialization.

In Section 11, we directed each federal laboratory of significant size to designate an office and at least one person to be responsible for identifying research results that might have potential for commercialization and to act as liaison with individuals, organizations and companies interested in transferring those research results into commercial applications--new products and processes. The tech transfer liaison was also directed to prepare brief "technology assessment documents" on technologies developed by their labs that have commercialization potential, listing a description of the technology or research results, their potential applications and an individual to contact for further information.

Section 11 also legislatively established the Center for Utilization of Federal Technology (CUFT) within the Department of Commerce. CUFT was to serve as a "clearinghouse" function--all technology assessments prepared by federal labs were to be sent to CUFT for filing, and anyone searching for a particular technology could contact CUFT, which in turn would put the individual in touch with the federal labs which had done research in the field and might be able to provide relevant information or technology. What we had envisioned was a computerized data base maintained by CUFT. Each federal lab would have a computer format for entering its technology assessment documents, which could be stored in CUFT's centralized data base. In turn, any individual, organization or company searching for research data, technologies or processes could turn to CUFT, which would search its data base, provide any technology assessment document which had been filed, and refer the "client" to the labs which had done relevant research. CUFT would, therefore, also be performing a "brokering" function, preventing duplicative research, getting multiple use of tax dollars appropriated for federal research, and promoting economic growth by assisting indirectly in the development of new products and processes.

Unfortunately, implementation of the law has not followed the course we laid out in drafting the law. There have been two failures. First, the tech transfer agents at federal labs often fail to "spot" research results which have transfer potential to the public and private sectors. For example, the tech transfer agent at a Department of Defense lab might not recognize that a new plastic developed for a military weapon component might also make a great new material for an improved fishing rod. As a result, the technology is used only for the purpose it was developed, and the research results are filed in a report collecting dust on a shelf somewhere. If the commercialization potential had been spotted, a new product or perhaps an entire new industry might have been developed, providing new private sector jobs, promoting economic growth and even reducing the negative balance of trade.

The second flaw has been in the structure of CUFT itself. Instead of becoming a separate, aggressive agency within Commerce, CUFT has been relegated to "stepsister" status within the National Technical Information Service. To my knowledge, CUFT is doing little or nothing to coordinate the tech transfer activities of the federal labs or to encourage and stimulate those outside of the federal government to utilize research and technology already paid for with their tax dollars.

That is why I am asking the Committee to direct CUFT to establish a training and educational program for the designated tech transfer agents at federal labs. This program would train the tech transfer agents to recognize those types of research data, technologies and processes which have the most potential for commercial application. It would also identify the "growth" industries which would have the most interest in obtaining this information. And it would also develop guidelines to improve the working relationships between CUFT and the federal labs and between CUFT and the public and private sectors.

Of course, we are all aware that we don't need to be adding additional employees to the federal payroll at this time. That is why it would probably be best for CUFT to contract out this education and training program, preferably with a nonprofit organization already involved in industrial innovation and tech transfer. Such organizations do exist. Within my own Congressional District, Rural Enterprises, Inc. is already performing similar functions for NASA, the Corps of Engineers and the Department of Agriculture. But this work should be done at all federal labs, and that is why CUFT is the best agency for directing the project. Because there are more than 300 federal laboratories of significant size, this would be a multi-year program, with funding requirements of about $300,000 per year.

I would also encourage the Committee to provide funds and direct CUFT to establish a computerized data base of research and technology developed by the federal labs, similar to the one described earlier in my testimony. The data base should be linked by computer terminal to all the federal labs, and be accessible to the public at no charge.

WRITTEN TESTIMONY OF THE HON. VIRGINIA SMTIH, THIRD CONGRESSIONAL DISTRICT, NEBRASKA, REQUESTING AN APPROPRIATION INCREASE FOR THE NATIONAL CLIMATE PROGRAM OFFICE, NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION FOR FY 1987, SUBMITTED APRIL 18, 1986, TO THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON COMMERCE, STATE, JUSTICE, AND JUDICIARY

Mr. Chairman and members of the Subcommittee, I thank you for the opportunity to provide this written statement on behalf of the University of Nebraska-Lincoln for the establishment of an on-going program providing regional climate information services to states in the High Plains region.

While the University seeks an annual appropriation of $250,000 for its work in Nebraska and the neighboring states of Kansas, South Dakota, Colorado, and Wyoming, it wishes also to associate itself with the work of similar regional climate information centers in Reno, Nevada, Champaign, Illiois, and Ithaca, N.Y. Whether they also have requested annual funding is not known to me. If they have, it would be money well-worth the investment, as I shall indicate in this testimony.

The following information is provided for my statement by Norman J. Rosenberg, Ph.D., who is George Holmes professor and director of the Center for Agricultural Meteorology and Climatology, University of Nebraska-Lincoln, Lincoln, Nebraska. Professor Rosenberg is a foremost investigator in this field.

Climate information services are provided to states in the High Plains region by an organization developed in 1982 with support of the National Climate Program Office of NOAA. The University of Nebraska-Lincoln's Center for Agricultural Meteorology and Climatology is the lead organization providing that service.

Since its inception, this organization that we now call the High Plains Regional Climate Center (HPRCC), has developed an automated weather data network (AWDN) that now includes 45 stations in the states of Nebraska, South Dakota, Wyoming, Colorado, and Kansas. The existing network is shown in Figure 1. These stations provide hourly average data on windspeed and direction, solar radiation, relative humidity, air and soil temperature, and precipitation. Data for the past twenty four hours are collected by the central computer in Lincoln, Nebraska, each night.

The data is subjected to quality control procedures and then made available to the public through the AGNET interactive computer information system (Figure 2).

Offices of government, researchers, private consultants, farmers, irrigators, and ranchers, and the news media regularly access the data through the AGNET system. In 1985 nearly 14,000 individual accesses were made by the groups listed above in order to receive the information. It is also interesting to note that most of the weather stations have been purchased by the states involved and by private and public organizations; for example, radio stations and natural resource districts.

In Nebraska, stations have been provided by the University of Nebraska directly and by gifts administered by the University of Nebraska Foundation. Most recently ten stations have been provided by the Omaha World Herald. Federal research agencies have also provided a number of stations to the network.

The weather data collected by AWDN are used to provide input for agricultural decision making. They are used in irrigation scheduling, crop drying, animal feed rations, choosing planting dates, and predicting harvest date and final yields.

A very conservative estimate of the value of the network to the participating states is shown in Figure 3 for the case of irrigation scheduling. Considering center pivot irrigation in Nebraska alone and assuming each of Nebraska's anticipated thirty-five stations (currently there are twenty-six stations in service) costs $1100 per year to operate, we calculate a benefit to cost ratio of 450 to 1. This would be in a "good" year when very few irrigations are made.

In a "bad" year when very many irrigations are necessary it may be possible by scientifc irrigation scheduling to avoid as many as three cycles of the center pivot irrigator. Then the benefit to cost ratio could be as great as 1350 to 1. These calculations do not consider the benefits that accrue to farmers and others from use of the AWDN data in operations other than irrigation scheduling.

The system described above is established in the region but, as reference to Figure 1 demonstrates, the distribution of the stations is uneven. Additional stations are needed to strengthen the network in South Dakota and Kansas and in the plains of Wyoming and Colorado.

The state of Iowa also has stated interest in joining the network. Further, the cooperating states have banded together to develop a Soil Moisture Monitoring System that will maintain constant surveilance of the water supply situation for both crop production and water-resource management.

This will be accomplished by direct measurement of precipitation, calculation of evaporation and crop water use, direct measurement of soil water moisture conditions in sites adjacent to the automatic weather stations, and by interpretation of relevant satellite imagery.

The purpose of this testimony is to point out the need for an increase in the permanent budget of the National Climate Program Office, which will adminster the development of the scientific activity described above. This program is essential for the improved management of water--that most critical of natural resources in the High Plains. A proposed annual budget and explanation is given in Figure 4.

Virginia Smith

EXISTING HIGH PLAINS REGIONAL AUTOMATED WEATHER DATA NETWORK
OPERATED FROM THE UNIVERSITY OF NEBRASKA-LINCOLN

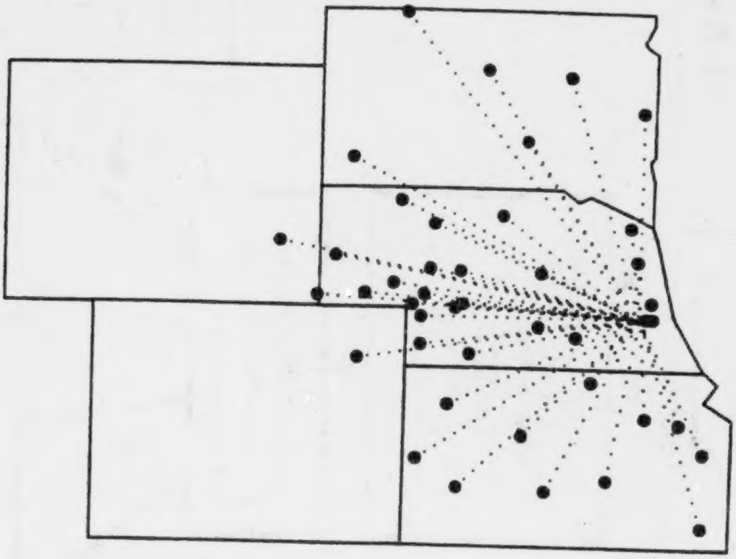
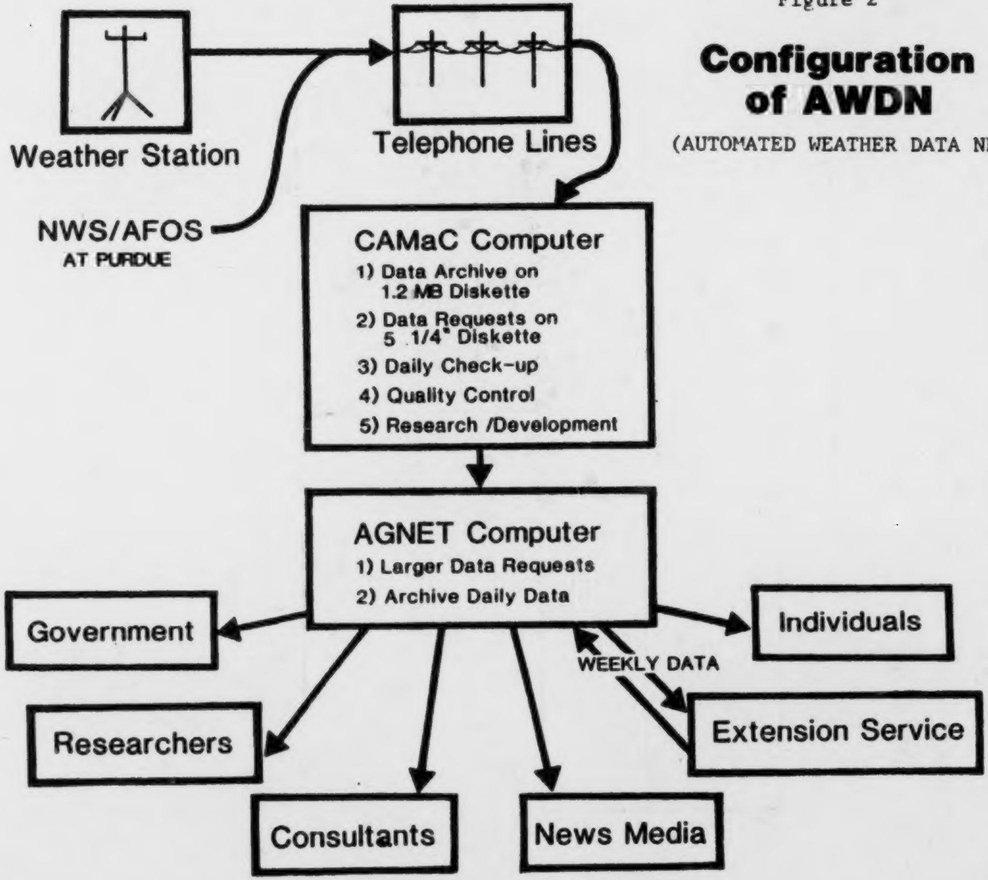


Figure 1

Figure 2

Configuration of AWDN

(AUTOMATED WEATHER DATA NETWORK)


Weather Station
Telephone Lines
NWS/AFOS
AT PURDUE
CAMaC Computer
1) Data Archive on 1.2 MB Diskette
2) Data Requests on 5 1/4" Diskette
3) Daily Check-up
4) Quality Control
5) Research /Development
AGNET Computer
1) Larger Data Requests
2) Archive Daily Data
Government
Individuals
WEEKLY DATA
Researchers
Extension Service
Consultants
News Media

POTENTIAL BENEFIT TO COST FOR USING AWDN DATA TO SCHEDULE CENTER PIVOTS IN NEBRASKA (1986 Economy)

$$\text{BENEFIT/COST} = \frac{\text{SAVINGS REALIZED DUE TO FEWER IRRIGATIONS}}{\text{COST OF OPERATING THE AWDN}}$$

$$= \frac{\text{cost/acre (pivot acreage) (cycles saved)}}{\text{(number stations) (operating cost)}}$$

$$= \frac{\text{\$6/acre (2,888,000 acres) (cycles saved)}}{\text{35 (\$1100)}}$$

Cycles Saved*	Benefit/Cost
1	450/1
2	900/1
3	1350/1

*Function of growing season weather

Figure 3

PROPOSED BUDGET FOR THE ACTIVITIES OF THE HIGH PLAINS REGIONAL CLIMATE CENTER

MAJOR ACTIVITIES IN HIGH PLAINS STATES	COSTS
Climate/soil moisture monitoring system . . . . --includes additional weather stations, operating costs, and personnel.	$110,000
Basic and applied research. . . . . --drought surveillance and water resource management, model development--includes graduate research assistantships.	90,000
Development of services . . . . --includes dissemination of information, publications, development of new computer programs for water resources management.	50,000
Total proposed annual budget.	$250,000

Figure 4

Statement of Robert L. Livingston, Member of Congress
April 18, 1986

For seven years, a private American citizen named Joseph Newman has attempted to obtain a patent from the United States Patent and Trademark Office (PTO) for an energy-generating device which, if it works as claimed, would revolutionize the energy industry and provide a virtually inexhaustible supply of inexpensive, safe, non-polluting, usable energy to the people of our nation and to the entire world.

For the same number of years, the PTO has steadfastly refused to issue a patent for this invention, insisting that such a device is impossible and that Mr. Newman's machine does not work.

What follows is a description of the major events of this case as I understand them:

(1) March 22, 1979--Joseph Newman originally filed his Patent Application.

(2) January 27, 1982--The PTO rejected Mr. Newman's Patent Application, stating that the invention "smacks of perpetual motion." It is PTO policy that "alleged inventions of perpetual motion machines are refused patents." Mr. Newman denied that his invention was a perpetual motion machine, and requested a re-examination. This was granted, and the Application was again rejected.

(3) July 3, 1982--Mr. Newman appealed this decision to the Board of Patent Appeals, which also denied him a patent.

(4) Throughout this period, the PTO refused to test the invention.

(5) January 3, 1983--Mr. Newman filed suit against the PTO in Federal Court. In August of the following year, Judge Thomas P. Jackson appointed a technically-competent Special Master to evaluate the energy machine since he did not feel personally qualified to render such an evaluation. Federal law clearly states that in a non-jury action, a court must accept a Special Master's findings as fact unless "clearly erroneous."

(6) September 28, 1984--Following an investigation, the Special Master issued his "Report of the Special Master," which included the following statements:

> "Evidence before the Patent and Trademark Office and this Court is overwhelming that Newman has built and tested a prototype of his invention in which the output energy exceeds the external input energy; there is no contradictory factual evidence."
>
> "Plaintiff, Newman, is entitled to a patent based upon his experiments and results provided he otherwise complies with the requirements of the Patent Statute;"

(7) October 31, 1984--Judge Jackson refused to accept the findings of the Special Master, although he cited no evidence that they were "clearly erroneous." The Patent Application was remanded back to the PTO for additional evaluation.

(8) October 2, 1985--Judge Jackson ordered Mr. Newman to turn his machine over to the National Bureau of Standards (NBS) for testing. The order prohibited Mr. Newman or his representatives from attending any of the tests, provided that the testing be done at "the discretion of the NBS," and authorized the NBS to "disassemble or destroy" the device.

(9) January 13, 1986--A Federal Court of Appeals ruled that Judge Jackson had "exceeded" his authority with his "highly irregular" procedures and that these testing conditions were fundamentally unfair. The higher Court established new testing conditions requiring NBS to submit a testing program and to conduct tests within 30 days, allowing Mr. Newman to be present, and prohibiting a dismantling or destruction of the invention.

(10) January 24, 1986--Mr. Newman turned his machine over to the NBS for testing.

(11) February 24, 1986--After 30 days, the NBS had failed to run a single test, violating the Appeals Court order. When Mr. Newman's attorney attempted to retrieve the machine for Mr. Newman, Judge Jackson impounded the device without a hearing, citing no factual or legal authority to do so. The invention was left in the possession of the NBS, in violation of the higher Court order.

(12) Present--Judge Jackson has refused to set a trial date for this matter, and has given the NBS until June 26, 1986 to test the invention. Mr. Newman has contested this extension of time and requested that the Judge be removed from the case due to personal bias.

I am greatly concerned about the actions of the PTO and NBS in this affair. PTO officials are denying Mr. Newman a patent on the grounds that his invention does not work, yet they have failed to produce a single shred of evidence to substantiate their claim. On the other hand, a court-appointed Special Master who was deemed technically-competent has ruled that the machine works, and over 30 members of our scientific community have sworn that it works.

I am also concerned because the testing program submitted by the NBS estimates that the total cost of the tests now being run will be approximately $50,000. I fail to understand why the PTO and the NBS must spend 64 days and $50,000 to test an invention which they insist does not work.

Furthermore, I would like to know how these tests are currently being financed. As I understand it, this is the first time in patent history that the NBS has tested an invention for the PTO, and Congress has not appropriated funds for this purpose. Under what statutory authority has this arrangement been established, and from what account will the estimated $50,000 in testing expenses come?

I strongly urge that the Subcommittee on Commerce, Justice, State, and Judiciary investigate this matter. If the above description is found to be accurate, then a private American citizen is receiving arbitrary and unfair treatment from the PTO, and punitive measures are in order to correct this gross abuse of power.

Computer & Communications
Industry Association
Suite 512 1500 Wilson Boulevard
Arlington, Virginia 22209
(703) 524-1360

February 26, 1986

The Honorable Neal Smith
Chairman, Subcommittee on Commerce,
Justice, and State, the Judiciary
and Related Agencies
H-309 Capitol Building
Washington, DC 20515

Dear Mr. Chairman:

I would like to request the opportunity to testify on behalf of the Computer & Communications Industry Association at your upcoming hearing for private sector witnesses on the Appropriations for State, Justice, and Commerce, and the Judiciary.

CCIA is a national trade association comprised of over 60 manufacturers and providers of computer, information processing, and telecommunications related products and services. CCIA's members range in size from young, entrepreneurial firms to many of the largest and best known companies in both the computer and communications industries. Generally recognized as innovators in their respective areas of specialization, CCIA's members are credited with driving and shaping the industry via new technologies and products. Taken together, companies within CCIA's membership generate annual industry-derived revenues in excess of $25 billion and employ over 400,000 people in the U.S.

CCIA's membership has become increasingly involved with the Department of Commerce in recent years as the Department has focused its attention on various trade issues. There are a number of major initiatives under way in the regulatory area, as well as pending legislative and negotiating matters which will have a major impact upon our industry.

Commerce's Export Administration activities in particular have a major and direct impact on tens of billions of dollars of trade and is an important factor in the vitality and international competitiveness of a large sector of American industry. The way Commerce intends to staff and administer its responsibilities in this area is of great significance to the American export community.

If you would like additional information on the direction of the testimony, I would be pleased to have our Vice President for International Affairs, Edward J. Black, discuss the matter with the Subcommittee staff.

Sincerely,

A G W Biddle

A.G.W. Biddle
President

AGWB/cka

STATEMENT OF EDWARD J. BLACK, ESQ.,

VICE PRESIDENT & GENERAL COUNSEL

COMPUTER & COMMUNICATIONS INDUSTRY ASSOCIATION

TO THE

SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE, AND JUDICIARY

HOUSE COMMITTEE ON APPROPRIATIONS

APRIL 1986

Mr. Chairman, Members of the Committee, our Association is pleased to have the opportunity to testify before your committee and to stress how important it is that certain parts of the International Trade Administration within the Department of Commerce receive not only the full amount requested by the Administration, but in view of changing circumstances, an increase above that level as well. I hope to briefly describe the disproportionate impact which shortages or inefficiencies in the trade administration area have upon a huge portion of American exporters.

Mr. Chairman, the Computer and Communications Industry Association represents a broad spectrum of companies in the computer and communications industry, ranging from start-up companies to many of the most respected, larger firms in the field. Each company is represented on CCIA's Board at the chief executive officer level. CCIA's member corporations collectively generate annual industry-derived revenues in excess of $25 billion.

CCIA's member companies are all headquartered, and most manufacture all of their products within the United States. As a group, they employ more than 410,000 American workers in plants and facilities throughout the country. CCIA's member companies export approximately 40 percent of their U.S.-manufactured products, making them a significant positive contributor to our nation's balance of trade.

These firms are characterized by their rapid rate of industrial innovation, the geometric increase of their products' price/performance, and their high rate of U.S. job creation in terms of dollar investment.

The problems and concerns that I will describe relating to the export control system are not solely those of CCIA. They are shared by other companies and associations in the many industries that are affected by export controls and have serious concern with the current and future operation of the system. Although I do not speak today on behalf of any other group my position on these issues has been shaped in substantial degree by my experience over the past year as Chairman of the Licensing and Operations Task Force of the broad coalition of high-tech trade associations called ICOTT (Industry Coalition on Technology Transfer).

The importance of trade and jobs supported by successful, competitive U.S. exporters to our nation's economy is clear and has been a current topic of great concern and debate within the Congress, the Executive Branch, and the private sector. The extent to which American industry can effectively compete against foreign competitors, at home and abroad, is a fundamental determinant of whether we can achieve our vital national goals ranging from maintaining national security, to creating an expanding number of jobs, limiting the deficit, and improving the quality and standard of living among our citizens. Our current huge trade deficit is a measure of this and we are now receiving a warning signal that we ignore at our own increasing peril. Both imports and exports are more than twice the size they were in the 1960's, as a proportion of our GNP, and their imbalance is a symptom of the serious problems we face.

While no one denies that there are several major causes for the trade deficit, and our apparent loss in competitiveness, with the previously inflated dollar and intractable trade barriers playing very significant roles, there are other self imposed disincentives to exports which have plagued our efforts to be internationally competitive for years. Numerous reports by various Presidential Commissions, advisory bodies, and blue-ribbon panels over the last decade have, time after time, pointed to our self-imposed obstacles as major trade problems, while efforts to alter them have been only marginally successful.

For CCIA member companies, and many others in our industry, exports are very significant, often running between 20% to 40% of overall sales. This success in exporting can be the margin which determines whether a company will grow or decline, invest in new research and development efforts or refrain from new product development. Success also sets the long-term pattern in foreign markets for years to come because penetrating new markets and developing a meaningful share of these new markets are keys to acceptability and staying power overseas.

While CCIA and others in our industry are deeply involved in trying to find acceptable remedies for such serious export trade problems as exchange rates and closed markets, these problems are very multifaceted and difficult to solve.

We are here, however, to propose a way to lessen the burden of the major export disincentive. We feel this disincentive can be lessened without running the risk of retaliation, engendering complicated, economic counter-consequences, or causing other negative side effects.

EXPORT LICENSING DISINCENTIVE

Perhaps the most significant and persistent of our self imposed disincentives to export trade has come from the export licensing and control system. Because an underlying purpose of the program is the unquestionably laudable goal of protecting the national security by preventing U.S. and allied exports from being used by our adversaries to close the military equipment and technology gap, pragmatic questions about the growth of this system resulting from inter-agency and international policy decisions and restrictions in this area have been ignored or overridden. The number of export licenses requiring review has increased more than 160% from the 71,000 reviewed in FY 1982. This is an increase in magnitude that has consistently outpaced the modest resources of the Export Administration unit and its staff.

According to the report of the President's Commission on Industrial Competitiveness, issued last year, the time it takes for U.S. exporters to get approval for their exports to free world destinations is, and for years has been, far in excess of the time required for our allies and competitors to accomplish the same goal. U.S. review is four times longer than that of most other allied countries. The impact of this delay, and the accompanying uncertainty which surrounds it, discourages existing and potential customers from seeking U.S. products.

We have not been able to compile a precise dollar figure encompassing the value of all of the U.S. exports which must pass through the various offices within the Office of Export Administration, but we conservatively estimate that the sales of low-, medium-, and high-technology products which go through the Commerce licensing system each year are well in excess of $130 billion.

The worldwide market for many high-technology products is expanding, but the U.S. is slipping comparatively. Seven out of ten American high-technology sectors have lost world-market share since 1965. We face fierce competition for world markets from Japan and an increasing number of other countries.

Over the past few years the Commerce Department has increasingly attempted to improve its processing of many categories of export licenses, and for a while, because of an earlier increase in resources and staff and some greater administrative streamlining, it made progress. However, we anticipate that certain current and upcoming developments will again cause it to get worse rather than improve in spite of good faith efforts by some of the administering officials. The existing control system is relatively slow for several ongoing reasons:

- We involve a number of different agencies in substantial review functions, which adds delay and uses up staff in coordinating functions;
- We subject most exports to friendly nations to essentially the same type of review we apply to Eastern bloc exports;
- We control a wider array of products with more restrictive procedures than do other allied nations;

- The array of products covered by controls is increasing, and the staff which is supposed to prune the list, as directed by Congress, is either undertrained or too busy fighting brush fires in an overstretched system;
- The growth of technologically-complicated products makes effective review more difficult. It requires staff to be broadly and deeply trained if they are to understand the importance of the various technical parameters of products, and such personnel are hard to find and keep at prevailing government salary rates;
- The level of training and grade required for many of the staff performing licensing and commodity review functions is less than it should be;
- Because the system is so stretched for resources, when licenses fall behind and emergency procedures must be invoked, normal processing suffers more; and
- There is no reserve in staffing so that when unexpected problems develop -- such as loss of personnel, major policy battles, or budget cuts -- critical resources must be diverted and the system is thrown into further disarray.

Mr. Chairman, one reason I am here for CCIA is because we have been intimately involved, on behalf of our member companies, with not just the administrative and regulatory functions, but increasingly with the processing of specific licenses. The licensing situation is not good. A long planned reorganization is finally being implemented but few in the system, or affected by it, believe there is sound hope for major improvements, and the number of knowledgeable individuals and groups fearing chaos has sharply increased.

I wish to stress that many of the problems which result in the Commerce Department's licensing system being in trouble derive from decisions, actions, and pressures not all within the control of Commerce. Nevertheless, Commerce's budget request, following OMB revisions, now fails to reflect the quantitative and qualitative improvements in staffing which are needed and does not provide for sufficient flexibility of funds to allow innovative approaches to be attempted. From conversations with key officials at Commerce, Defense, State, COCOM, and with congressional and private sector staff very familiar with the system's operations, it is clear that the resources of parts of the system are likely to fall short of the need. But it will not be the Government which will suffer directly, rather it will be our overall economic strength and the vitality of some of our most promising industrial sectors.

The Defense Department, which has been given a largely redundant and duplicative role in parts of the system by the Executive Branch, has been able to conclude that it feels this area is important enough to dedicate a much higher level of resources to it than Commerce, if measured by any measure of workload such as the number of cases reviewed, value of exports subject to review, etc. Identifying all of the Defense personnel and processing equipment devoted directly and indirectly to this area is not possible with precision. It is fairly clear, however, using any reasonable unit measure of workload and responsiblity, that Defense is not just spending fractionally more than Commerce, but is spending 400-500% more per equivalent unit of workload.

As a result two basic things have happened, one positive and one negative. First, actual speed of Defense processing of a substantial number of very routine licenses has increased; this shows that an increase in resources can be helpful. The second that has happened, however, is that Defense is slowing the overall system by increasing the licensing and regulatory burden on Commerce and industry by expanding its area of review and second-guessing minor policy issues, raising extraneous issues, and generally looking for things for its surplus people to do.

The overall situation is therefore ridiculous. The prime agency, Commerce, with responsibility in this area is virtually starving for resources and burdening legitimate exporters because it can't handle the licensing and policy workload. At the same time another agency, Defense, doing supplementary and duplicative work, has such a surplus of resources that they are increasing the workload on the prime agency and the burden on exporters by aggressively pursuing picky and narrow policies which only advance its "turf" and authority, not the national security.

I am aware that this part of the Commerce budget is one of the few areas where OMB has approved a modest increase in funding. I would like to suggest that the most significant thing about this is that even OMB could not deny all of the pressing needs in this area, not the least of which are the additional burdens placed on Commerce by the passage in 1985 of the Export Administration legislation. We recognize that the sharp increase for enforcement and audit personnel are important and we support a tight system to block those who might intentionally or carelessly weaken the control system. However, those personnel will not help speed licensing nor make it more predictable, and will likely add indirectly to the number of individual licenses needing close review.

When we look at the growth in the number of export licenses over recent years we see both a rapid acceleration in the number of licenses needing processing and examples of serious under-calculation of future work loads. In FY 1983 the actual number of licenses reviewed was over 102,000, but the budget projection for FY 1983, made the previous year, was only 75,000. We again fear an underprojection of workload. Even if the Administration's estimate were accurate, it would represent a volume increase more than sufficient to justify a greater staffing than that approved by OMB. However, these estimates were developed prior to the substantial shift in export demand which is likely to take place because of the beneficial change in the value of the dollar. Since we believe the level now projected is too low, we are deeply worried that the system will encounter greater delays and periodic paralysis which will result in lost sales and will further undermine our competitiveness internationally.

REQUEST

We are urging that the Subcommittee, in light of the above concerns and perceptions, consider:

- Providing an additional 20 senior-level, technical positions to assist in the commodity control list review process, and to augment the technical review functions of the individual licensing section;
- Providing additional funding sufficient to completely automate all export controls operations within the next year (est. $1.6 million);
- Increasing the personnel in exporter services;
- Providing an additional $1 million to management, with discretion to use it to explore innovative and improved procedures and techniques;
- Urging the Department of Commerce to upgrade positions in the areas of list review, licensing and exporter services; and
- Working with others on the Appropriations Committee to establish an overall ceiling for the export control function and to divide these resources between Commerce and Defense in a more reasonable way which is commensurate with their respective responsibilities and workloads in the export control area.

CONCLUSION

In summary, Mr. Chairman, the private sector is very willing to cooperate in effective and pragmatic export control effort that could make a positive contribution to our national security.

We believe it is necessary to keep export controls tightly focused to those areas which truly can make a difference and which we, and cooperating countries, can effectively use to block the receipt of the controlled product or technology by our adversaries.

But, we also believe that whatever level of controls are decided upon, that the system and procedures through which we must funnel many billions of dollars of trade not be made more cumbersome, complicated, slow, unpredictable, and redundant than absolutely necessary. We want, and the country needs, an export control system which runs smoothly, cleanly, and effectively, which does not jam or break when unexpected peak loads hit it, and does not add bureaucratic obstacles without showing that there is an actual benefit to our national security.

We believe that an increase in, and upgrading of, staff to perform licensing functions and to knowledgeably review the technical parameters of products so that our efforts are more targeted, plus some funds to study innovative handling and procedures to update and reform the licensing process will have a disproportionately large and positive impact upon the competitiveness of a large sector of U.S. industry trying to compete in a difficult world market.

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April 17, 1986

The Honorable Neal Smith
Chairman
Subcommittee on Commerce, Justice,
State and the Judiciary
Committee on Appropriations
H-310 U.S. Capitol
Washington, D.C. 20515

Dear Mr. Chairman:

Attached is a statement which I have prepared relating to the fiscal year 1987 appropriations for the Equal Employment Opportunity Commission. I would like to request that this statement be inserted into the record. Thank you for your consideration of this matter.

With best personal regards, I am

Sincerely,

Augustus F. Hawkins
Chairman

AFH:ts

Attachment

STATEMENT OF THE HON. AUGUSTUS F. HAWKINS
CHAIRMAN, COMMITTEE ON EDUCATION AND LABOR
BEFORE THE
SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE & JUDICIARY
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVE

APRIL 15, 1986

Mr. Chairman,

Thank you for the opportunity to testify on behalf of the Equal Employment Opportunity Commission's (EEOC's) fiscal year 1987 appropriations.

As you know, the EEOC is responsible for enforcing Title VII of the Civil Rights Act of 1964, as amended; the Age Discrimination in Employment Act of 1967, as amended; the Equal Pay Act of 1963; and, in the federal sector only, Section 501 of the Rehabilitation Act of 1973.

The Chairman of the EEOC, Clarence Thomas, testified before your subcommittee on February 18, 1986 concerning the adequacy of the President's budget request and its impact on the Commission's enforcement program. However, I am deeply concerned that the President's budget request for $167.7 million will not be sufficient for the EEOC to effectively enforce its statutory obligations, particularly in light of the significant increase in its litigation and compliance efforts and its mounting caseload. Therefore, I request that the EEOC's funding be increased to a level of $169.950 million for fiscal year 1987 in order to provide the agency with the discretion to align available resources with the staffing and workload requirements necessary to enforce the anti-discrimination statutes under its mandate.

In fiscal year 1981, the Commission was authorized 3,468 full-time-equivalent (FTE) staff positions to process approximately 58,750 charges of employment discrimination. In fiscal year 1987, the EEOC projects that approximately 82,000 charges will be filed with the Commission. Along with the 57,000 charges which the Commission estimates will be pending at the beginning of FY 1987, a total of 139,000 charges will comprise the agency's inventory in the next fiscal year. With the estimated resources for FY 1987, the Commission expects to resolve approximately 69,800 charges, leaving approximately 69,500 charges, or about 50 percent, of the total charges in the backlog at the end of that fiscal year. This is about twice the number of charges in the Commission's backlog (36,900) in fiscal year 1984 -- the anticipated backlog for the next year is totally unacceptable.

With 343 fewer FTE positions than were available in FY 1981, the Commission in FY 1987 expects to handle twice the charge processing workload it had in FY 1981, leaving half of the total charges unresolved. For individuals who rely on this federal enforcement agency for assistance, this means that one of out every two charging parties who have pending cases with the agency should not expect to have their complaints resolved during the year. To allow this increasing backlog of unresolved charges to continue would, in my view, seriously undermine the Commission's effectiveness.

The monumental task of processing employment discrimination charges is shared between the EEOC and certain State and local fair employment practices agencies (FEPAs). Section 706 of Title VII provides for a partnership between the EEOC and FEPAs. The FEP or "706" agencies enter into work-sharing agreements with the EEOC. These agreements provide the framework pursuant to which the joint workload will be divided for investigation, conciliation or resolution of charges. In fiscal year 1985, for example, out of a total of 119,695 charges in the Commission's inventory, about 47,693 charges or approximately 40 percent, were investigated and resolved by State and local agencies. With adequate monitoring by the EEOC of the work of the State and local enforcement agencies, along with additional funding to FEPAs to process more charges and to ease the EEOC's workload -- particularly the FEPAs processing of charges involving class actions and systemic discrimination -- the Commission will be in a better position to manage its workload and to concentrate its efforts on improving its enforcement posture.

Over the last couple of years, the Commission has shifted away from its prior policy of seeking rapid settlement of charges before issuing any finding on the merits, to a policy which requires the full investigation of all charges and contemplates the enforcement, through litigation if necessary, of every meritorious charge. Under the current policy, the Commission will review every case where a reasonable cause determination has been issued and conciliation has failed and will seek judicial enforcement of all such charges.

This new policy has resulted in a significant increase in enforcement actions. For example, the number of lawsuits recommended have increased from 276 such actions in FY 1984 to 708 in FY 1985 -- a 156 percent increase in one year. If the Commission intends to litigate every "reasonable cause" case, funds specifically targeted for its enforcement activities must necessarily be increased. I believe that my recommendation to earmark more monies for enforcement is critical to this need.

The attached recommended report language, for the EEOC's FY 1987 appropriations, outlines specific earmarks for enforcement-related activities. My Committee staff conducted on-site visits to six district offices of the EEOC last fall and learned from the Commission's field staff that they are in dire need of more staff and more money for training, travel for on-site investigations and for litigation support activities. (A copy of this staff report has been provided to your subcommittee staff.) For example, some district offices are currently experiencing a dire shortage of intake officers to handle the increasing inventory of charges filed with the Commission each day. Some district offices have a pressing need for more investigators to ease the burden on current investigative staff and facilitate higher quality work. Investigators in the rapid charge processing units, for instance, are currently responsible for 85-100 charges at any one time. Other district offices would like to hire more highly qualified equal opportunity specialists (EOSs) to assist in monitoring the State and local enforcement program, particularly the need to do quality reviews of the charges resolved by the State and local agencies.

These and a number of other serious problems relating to the Commission's policies and case processing procedures have been enumerated in detail in the above-mentioned staff report which will be officially released this week. It is our hope that the EEOC will begin to analyze and attempt to resolve these problems. Only then can it become the aggressive and effective civil rights enforcement agency that it was established to be under Title VII of the Civil Rights Act of 1964, as amended. In the interim, the Congress must do what it can to facilitate the important mission of the Commission.

Mr. Chairman, I have long been and continue to be a strong supporter of the Equal Employment Opportunity Commission. I believe that your Committee's favorable consideration of this increased funding and earmarking of funds will support the agency's vigorous enforcement goals for the next year and will greatly assist the Commission in reducing discriminatory practices and in fulfilling the promise of equality of opportunity in the workplace. Thank you.

Attachment

RECOMMENDED REPORT LANGUAGE FOR THE FY 1987 APPROPRIATIONS FOR THE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

A total of $169.950 million will be appropriated for the necessary expenses of the Equal Employment Opportunity Commission as authorized by Title VII of the Civil Rights Act of 1964, as amended (29 U.S.C. 206(d) and 621-634), including services as authorized by 5 U.S.C. 3109; hire of passenger motor vehicles; not to exceed $22.259 million for payments to state and local enforcement agencies for services to the Commission pursuant to Title VII of the Civil Rights Act, as amended, and Sections 6 and 14 of the Age Discrimination in Employment Act (of which $20.0 million will be earmarked for direct grants for processing Title VII and ADEA complaints and $2.259 million will be earmarked for innovative programming by these state and local fair employment practices agencies -- particularly pilot projects for investigating and resolving class actions as well as systemic discrimination.

Funding of the agency's program activities:

(1) Budget Program I - Executive Direction and Program Support: Provides overall direction, policy, planning and program support for the Commission's enforcement activities. The Commission's Office of Management's full-time-equivalent (FTE) slots will be reduced by 10 percent, thus reducing funding for that office from the current estimate of $8.279 million to $7.753 million. Therefore, the total funding for this executive direction/program

support function shall not exceed $11.0 million.

(2) Budget Program II - Enforcement: The emphasis in FY 1987 will be to enhance the agency's litigation and compliance activities. A total of $136.691 million will be earmarked for the agency's various enforcement activities, as well as the programmatic oversight and technical guidance for these activities, including $2.691 million specifically earmarked for one or more of the following enforcement-related activities: (1) full-time-equivalent (FTE) positions for field offices (i.e., attorneys, intake officers, equal opportunity specialists, clerical staff, or support staff to monitor the state and local enforcement program); (2) non-supervisory training; (3) travel for on-site investigations; (4) computer services for the field offices; and (5) litigation support activities.

(3) Budget Program III -- State and local enforcement program: A total of $22.259 million will be earmarked for state and local grants, of which $20.0 million will be for direct grants and $2.259 million will be reserved for innovative programming, particularly pilot projects for the investigation and elimination of class actions as well as systemic discrimination.

In addition, the Commission should make available to its field offices additional full-time-equivalent (FTE) positions, to be reserved for investigative and legal units, and for support staff in those units, in order to enhance the agency's field enforcement activities. Whenever FTE slots become available from headquarters, through attrition, those FTE slots should be transferred to EEOC's field offices.

The Appropriations Committee will entertain any requests from the EEOC for supplemental appropriations to support its stepped-up litigation and enforcement activities.

April 10, 19[illegible]

The Honorable Neal Smith
Chairman Appropriations Subcommittee on the
Departments of Commerce, Justice and State
House of Representatives   Room H 218 The Capitol
Washington, D.C.   20515

I am enclosing a "statement" about the Fisherman's Contingency Fund, which is part of the NOAA 1987 budget. I would like to have my statement included as "Testimony for the Record."

I am a commercial fisherman in Santa Barbara, California and have fished commercially for thirty years. I have fished every fishery in California and started before there was offshore oil development. I am a director with the Pacific Coast Federation of Fishermens Association, The California Gill Net Association, Commercial Fishermen of Santa Barbara Inc. and received the Highliner of the Year award at the Fish Expo in Seattle, WA.

In the Santa Barbara Channel we have lost about forty percent of our fishable trawl grounds to oil development. Fishermen have had numerous gear losses due to oil development. I personally have lost gear to oil development and have been compensated from the Contingency Fund. Without this compensation I would have been hurt severely. I have a small inventory of trawl nets so if I lose one net I can put on another. Without this I would be out of business. Some fishermen are in this situation and without the fund to compensate them they will be forced out of business.

The bottom in this area has plenty of snags from oil development. The fishermen have found a lot of them and stay clear, but as development continues so does the problem. No fisherman wants to lose his gear. Even with compensation he still loses money; its better just to be able to fish.

I feel the fund was working satisfactory and should be continued. Without it there will be severe hardship on fishermen that lose gear. As oil development moves up the California coast more problems are going to arise.

Thank you for your consideration on this very important matter.

Michael M. McCorkle
Michael M. McCorkle

STATEMENT FOR THE RECORD

Submitted by:

UNITED STATES UNIVERSITY CONSORTIUM
ON NEW APPLICATIONS OF MARINE ELECTRONICS

April 1986

Massachusetts Centers of Excellence Corporation, Room 2110, One Ashburton Pl.
Boston, MA 02108

The United States is unquestionably the world leader in military applications of marine electronics. However, other countries are committing substantial resources to the development of new commercial technologies to explore and exploit ocean resources. The United States can readily achieve competitiveness in the rapidly growing marine electronics industry if existing military-related technologies can be adapted to civilian applications.

In order to develop a plan to accomplish this goal, a consortium of leading institutions in various parts of the United States has been formed. The technical assistance requested here will be used by the consortium to develop an agenda of national priorities in the marine electronics area. Specific objectives of this agenda will be to:

1. Carefully identify economic development opportunities which will result from the application of new technologies in the marine electronics sector.

2. Determine and describe those technological frontiers within marine electronics which cut across disciplines and which have the greatest potential for commercial application.

3. Identify opportunities for and encourage the creative participation of mature marine-oriented industries which have experienced limited growth in recent years. Examples include the petroleum industry and the shipping industry.

4. Determine and assess specific applications of new marine electronics technologies to the exploration and exploitation of resources in new ocean frontiers, especially the Exclusive Economic Zone.

The consortium of institutions organized to develop a national marine electronics agenda includes Florida State University, Southeastern Massachusetts University, The Oceanic Institute, and the University of Alaska.

The consortium requests technical assistance in the amount of $325,000 to enable the carrying out of a one year in-depth study which will result in the development of a national marine electronics agenda by accomplishing the four objectives detailed above. Specific components ~~of the~~ study will be apportioned among the four institutions as follows:

1. Identification of economic development opportunities: Southeastern Massachusetts University.
2. Determination/description of technological frontiers with potential for commercial application: The Oceanic Institute.
3. Determination of the potential involvement of mature marine-oriented industries: The Oceanic Institute and the University of Alaska.
4. Determination and assessment of electronics applications to new ocean frontiers: Florida State University.

The proposed budget of $325,000 would be allocated as follows:

Coordination and administrative costs (by Southeastern Massachusetts University and the Massachusetts Centers of Excellence Corporation)	$45,000
Study component 1:	70,000
Study component 2:	70,000
Study component 3:	70,000
Study component 4:	70,000

TESTIMONY by Mr. AuCOIN of Oregon
Appropriations Committee
State, Justice, Commerce

Mr. Chairman, I first want to thank you and the entire committee for providing me with this opportunity to testify on behalf of construction of a new federal correctional institution in the Pacific Northwest.

Fully cognizant of the budget constraints we are dealing with pursuant to the Gramm/Rudman budget act and the need to reduce our national budget deficit, I feel the Bureau of Prisons request for new construction funds is a responsible one and fully justified.

Earlier this year, Norm Carlson, Director of the Bureau of Prisons, presented statistics to this Committee that showed a dramatic 60% increase in inmate population over the last five years. Our prison system is now 45% overcrowded and the number of new offenders entering institutions continues to grow. In November of 1987, with new guidelines for determinate sentencing going into effect, the increase in long-term commitments to prison facilities is probably going to skyrocket. Or in the words of a good friend of mine, a federal judge in the Northwest, "you ain't seen nothin' yet".

The Director of the Bureau of Prisons has also told us that even if the three new correctional institutions he has requested funds for are built in the Southeast, Northeast, and the Northwest, overcrowding will only be reduced to about 36% by 1991. And that's a very conservative estimate. We will probably be lucky to see even that much of a decrease in an already unacceptable situation.

In the Northwest, we haven't had a federal prison facility since McNeil Island closed down in the state of Washington well over five years ago. During that time period, federal offenders in the Northwest region from Oregon, Washington, Alaska, Idaho, and Montana have been sent to facilities in California, the Midwest and elsewhere, making it extremely difficult for their families to visit and exacerbating already crowded conditions.

The Bureau of Prisons has done an intensive search throughout the Northwest over the last three years to locate a suitable site for a new facility. After looking for some time at an existing structure in Sheridan, Oregon, the Bureau rejected the possibility of acquiring and rehabilitating it because it would not have been cost effective given extensive renovations that would have been required.

Throughout this process, over a two year plus period, the people of the Sheridan area bent over backwards to cooperate with the Bureau, devoting countless hours and resources to answering questions and providing support. Local citizens donated money to pay for an independent appraisal of the property in question, hoping it would help bring negotiations over sale of the property to the Bureau to a successful conclusion. Unfortunately, this did not happen.

However, the Bureau was impressed with broad local support for a prison in the area -- a critical factor when considering where to locate -- and with my and Senator Hatfield's encouragement, began to search for other suitable sites in the area.

A suitable 186-acre site has been found close to the city of Sheridan. Bureau personnel including Mr. Carlson have made numerous trips to the area, met with proponents and opponents, local and state officials, held a great number of public meetings, and a draft EIS was issued in February. A public hearing was held in March where a majority of citizens spoke in support of locating a facility in the area. And the Bureau is now accepting further comments, questions and input before preparing a final EIS. The state is strongly supporting this effort, and has dedicated financial resources to assure successfull completion of the project.

Mr. Chairman, I have to tell you what this kind of facility could mean to the Sheridan/Willamina area in Oregon. Located in Yamhill County, this area has been dependent on agriculture and timber industries. It has borne the brunt of a five-year recession that has put thousands in unemployment lines, uprooted families, devastated the local economy, and caused outmigration from the area.

The timber and wood products industry, backbone of the state's economy, suffered considerably during the recession. 10,000 jobs were lost. Many of these -- once stable sources of income for hard-working families in the area -- are gone forever. The agriculture industry has also declined, with the value of Oregon farmland taking close to a 20% dive in 1985. A flood of farms are for sale, and home foreclosures in the vicinity of Sheridan numbered 57 in the last year. In a small community of 2,000 like Sheridan, the combination of these factors has been devastating.

I know these people very well. I've had the honor of representing them in Congress for twelve years, and I've seen their community grow, prosper, and then decline. These are good people. They're dedicated to their families and to their community. And they've gone all out to attract new businesses and jobs to the area. We all want to see the day when young people in Sheridan can stay in the area to raise their families in the community where they grew.

A clean, non-polluting, stable source of jobs and revenues could be just the shot in the arm this community needs. The Bureau of Prisons estimates that it will create 800 jobs during the construction phase and 300 permanent jobs in the area, injecting millions of dollars into the local economy.

I've got to say that in the last year city and county officials have been through the wringer, spending every day searching for ways to attract new businesses and stabilize their community. The time and effort they have put in working with Bureau is unbelievable. I have met with these community leaders time and time again.

Just recently, however, I met with several local citizens deeply concerned about the idea of having a prison facility in Sheridan, strongly opposed to the idea. I am mindful of their concerns and will do all I can to see that the Bureau of Prisons responds to them.

But today, Mr. Chairman, I see no reason not to fully support constructing this facility in Sheridan. It's needed to deal with the national problem of overcrowding, and it's needed in Sheridan. I expect that the strong community support that has characterized the process of siting a facility in the area from the beginning will still be there when the public hearing process has been completed.

I'm convinced the Bureau has exhausted all other possibilities and that their decision to locate in Sheridan is a sound one. I fully support their efforts to date, and I hope the Committee can find a way within extremely tight budget constraints to see that the project goes forward. It is the kind of investment we can't afford not to make and I stand ready to do whatever I can to assist the Committee at any time.

Appropriations Committee Testimony

RISS Project Directors

The Regional Information Sharing Systems respectfully request that Congress award $12 million dollars to support narcotics and organized crime fighting efforts in fiscal 1987.

This proven program has produced over $2 billion in results since its implementation as compared to costs of less than $45 million over several years. Its budget has not grown; rather, it has decreased as stagnant grant amounts have had to cover longer grant periods.

It is up to Congress to place these funds in the budget because the Administration has not supported the projects in the past. And Congress, through keeping in touch with its constituents, has seen just how beneficial these projects are to their districts.

President Reagan stated, "It is at the state and local level, and only there, that the war against crime can finally be won." and "The public must encourage local and state police agencies to do more to crack down on racketeering." (New York Times, 1/12/86). Yet, he and Mr. Meese agreed to abolish RISS project funding in FY 1987 after two unsuccessful efforts by DOJ to redeploy RISS money already awarded by Congress.

Justice claims that Gramm-Rudman-Hollings cuts require the elimination of the project, while some of your leaders, including Sen. Arlen Specter and Sen. Joseph Biden, have reminded DOJ that

Gramm-Rudman precludes the elimination of line items to allow others to avoid cutting.

And it is obvious that money is available. For fiscal 1987, Justice has asked for $16.9 million for "drug enforcement enhancements" within the DEA and another $10 million "to enhance the FBI's support staffing." $10 million is also requested to fund an FBI experimental program on artificial computer intelligence.

The RISS projects include a nationwide membership of 2,000 state, local and federal criminal justice agencies including over 175,000 sworn law enforcement officers. They provide cost-effective services to these agencies and encourage communication, cooperation and coordination among law enforcment.

Each of the projects include federal agencies as members and their work brings benefit to every federal law enforcement agency.

The projects are working to effect shared funding from non-federal sources. However, cuts in revenue sharing and across the board reductions in federal aid are affecting fund availability at the state and local level.

Regardless, the projects are planning for and beginning to implement membership fees and are looking at additional funding alternatives.

In conclusion, we support the President's contention that organized crime be fought on the local level. Funding of the RISS projects at a $12 million level would make that fight successful in FY 1987.

BEFORE THE SUBCOMMITTEE ON COMMERCE,
JUSTICE, STATE, THE JUDICIARY AND
RELATED AGENCIES
U.S. HOUSE OF REPRESENTATIVES

HEARINGS TO REVIEW APPROPRIATIONS
FOR THE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

STATEMENT OF THE CALIFORNIA-ARIZONA CITRUS LEAGUE

California-Arizona Citrus League
P.O. Box 7888, Valley Annex
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Counsel:

Julian B. Heron, Jr.
Edward M. Ruckert
Jerry C. Hill
Heron, Burchette, Ruckert & Rothwell
1025 Thomas Jefferson Street, N.W.
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Washington, D.C. 20007

Submitted: April 16, 1986

BEFORE THE SUBCOMMITTEE ON COMMERCE,
JUSTICE, STATE, THE JUDICIARY AND
RELATED AGENCIES
U.S. HOUSE OF REPRESENTATIVES

HEARINGS TO REVIEW APPROPRIATIONS
FOR THE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

STATEMENT OF THE CALIFORNIA-ARIZONA CITRUS LEAGUE

My name is William K. Quarles and I am President of the California-Arizona Citrus League ("The League").

The League is a voluntary, non-profit trade association composed of marketers of California-Arizona citrus fruits. Members are farmer cooperatives and independent shippers of over 75% of the fresh citrus fruit produced in Arizona and California. These growers produce oranges, lemons, grapefruit, tangerines and limes.

The League once again appreciates the opportunity to present its views on a matter of industry concern, namely the need to preserve the Fruit Frost Forecast and Agricultural Weather Advisory Service Program.

We applaud the language in the Conference Report for the fiscal year 1986 stating:

> The conference agreement includes the restoration of funding for the Agricultural Weather and Fruit Frost Advisory Program Services proposed for elimination in the National Weather Service. The conferees expect the Department and the Office of Management and Budget to heed the resolve of Congress in maintaining these important programs year after year and caution the Administration against submitting proposals to eliminate these programs in future years.

We regret that the Administration has not seen fit to take this advice and has once again sought elimination of this important and highly cost effective program. We strongly urge this committee to restore necessary funds for this program.

The Fruit Frost Program, administered by the National Oceanic and Atmospheric Administration continues to provide citrus and fresh fruit and vegetable growers in California, Arizona, Florida and Texas with detailed site-specific minimum temperature forecasts and other advisory services that support implementation of measures for avoiding or lessening frost damage to crops. While "zone forecasts" issued by the nearest National Weather Service forecast office for the areas involved include both maximum and minimum temperature projections, such forecasts are not site-specific and thus, are of marginal use to farmers now served by the Fruit Frost Program. For example, in parts of California and Arizona, a great many variations of climate can occur over a small land area due to distinct changes in the topography. With site-specific forecasts, growers would have the advanced warning needed to determine if and when frost equipment would be required.

The Fruit Frost Program is staffed with trained agricultural meteorologists who monitor conditions which could damage crops. Information is gathered on a very detailed basis--often down to the square mile--and is disseminated to interested persons through television, radio and telephone recorders. For example, the California Fruit Frost Service is able to cover those areas where frost sensitive crops are grown, through a network of eight regional and nine district offices stretching from the Northern Sacramento Valley to the Mexican border. Of the $15 billion agricultural production in California, over $1 billion is frost sensitive. The estimated annual crop-loss savings in California alone approaches $70 million.

The National Weather Service estimates that there are approximately $1.6 billion in weather-related crop losses each year. In addition, weather impacts other areas of agriculture by causing reduced yields associated with plant and animal diseases, insects, pollution and water use. These additional weather-related losses are estimated by the National Weather Service at $9 billion annually. While these losses cannot be avoided entirely, it is possible to reduce agricultural losses significantly through better forecasts and information.

The Fruit Frost Forecast and Advisory Program in California has been in existence for over 60 years, serving many segments of California agriculture. Program audits have shown that of all the weather service programs, (which provide an estimated return of $20-30 in crop and livestock savings for every dollar spent) the Fruit Frost Program has one of the highest cost-benefit ratios. Additionally, the Fruit Frost programs provide much more than minimum temperature forecasts. It provides complete weather advisory forecasts to the agricultural community. It also provides information on spray and dusting weather, winds, high temperatures, humidity, rainfall, rainfall amounts, and orchard dry times.

The National Weather Service Fruit Frost Program, in cooperation with various state weather service programs, has been successful and cost effective. The National Weather Service and the Central California Weather Watch program have continued to cooperate to prevent significant losses in the citrus industry.

The information provided by the Fruit Frost Program is also of importance to the various Integrated Pest Management (IPM) programs which have been implemented in the past several years. An important factor in these IPM programs is accurate and timely weather data. Without good weather data, we cannot accurately predict insect and disease life cycles. Therefore, we cannot effectively time control measures where warranted.

The members of the League share this committed concern that the Administration continually propose elimination of this vital program. Such actions undoubtedly make it difficult to maintain and recruit quality personnel and strong Congressional support is needed to keep experienced personnel in this program. The fiscal year 1986 appropriations bill restored funds for the program recognizing that the benefits produced by the program far exceeded its small cost. In addition, we continue to believe that it would be very difficult, if not impossible for this program to be operated by the private sector without an interruption in service. It must be remembered that even one year's break in service could prove disastrous to the agricultural community and the consumers of this nation. The successful operation of this program requires skilled personnel to conduct the forecasts together with the technical hardware necessary to develop the required data.

Both of these items are not presently available in the private sector.

The League strongly urges the Committee to once again appropriate the funds necessary to ensure that this valuable program continues. We suggest that funds be appropriated for the program, at current levels, with the appropriate increases for inflation and employee benefits.

Respectfully submitted,

William K. Quarles

William K. Quarles, Jr.
President
California-Arizona Citrus League

BEFORE THE SUBCOMMITTEE ON COMMERCE,
JUSTICE, STATE, THE JUDICIARY AND
RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

HEARINGS TO REVIEW APPROPRIATIONS
FOR THE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

STATEMENT OF THE CALIFORNIA RAISIN ADVISORY BOARD

California Raisin Advisory Board
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Submitted: April 16, 1986

BEFORE THE SUBCOMMITTEE ON COMMERCE,
JUSTICE, STATE, THE JUDICIARY AND
RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

HEARINGS TO REVIEW APPROPRIATIONS
FOR THE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

STATEMENT OF THE CALIFORNIA RAISIN ADVISORY BOARD

The California Raisin Advisory Board ("The Board"), under the auspices of the California Department of Food and Agriculture, oversees the state marketing order for raisins. The Board represents over 4,500 producers and processors of raisins, who account for 100% of the U.S. and 30% of the world production.

The Board takes an active interest in matters of vital concern to the raisin industry, including generic advertising, promotion and funding for research, and producer information programs. We appreciate this opportunity to once again present a statement for the record strongly supporting the continuation of the Fruit Frost-Agricultural Weather Forecast and Advisory Service.

The Board is well aware of difficult budget times and the need to reduce the Federal deficit. Many raisin growers have gone bankrupt over the past few years. It is estimated that 25% of the remaining industry is on the border of bankruptcy today. Even with our tight budget we have seen fit to help improve weather forecasts for the raisin industry by helping purchase up-to-date equipment for the National Weather Service at a cost of approximately $100,000. We have done this with the conviction that when the facts are known Congress will have the wisdom of continuing this very valuable program.

For over 60 years, the Fruit Frost-Agricultural Weather Forecast and Advisory Service Program has provided the multi-billion dollar fruit and vegetable industry in California, Arizona, Texas and Florida with accurate, site-specific minimum temperature forecasts and other advisory services. Armed with these detailed forecasts in advance of a potential weather problem, growers are better able to take steps necessary to reduce or avoid weather damage to crops. The "zone weather forecasts", provided by the National Weather Service cannot take the place of the Fruit Frost-Agricultural Weather Forecast and Advisory Service as these zone forecasts are not site-specific, and thus are of minimal use to growers.

The Fruit Frost-Agricultural Weather Forecast and Advisory Service employs highly trained agricultural meteorologists, who closely monitor weather patterns which could be potentially devastating to sensitive crops. Information is gathered on a daily basis from numerous sites and carefully analyzed by meteorologists, who then make site-specific forecasts for the various locations within their region. These forecasts are made available to the public through television, radio, and telephone recorders.

The Fruit Frost-Agricultural Weather Forecast and Advisory Service is extremely important to the California raisin industry as more than 80% of the U.S. production is in a 500 square mile area in Fresno County, with the remaining 20% scattered throughout adjacent counties in the central San Joaquin Valley. With such a large percentage of the national crop concentrated within a small region subject to particular weather changes, the California raisin industry depends heavily upon the Fruit Frost-Agricultural Weather Forecast and Advisory Service for accurate and timely site-specific forecasts. It is estimated that in the San Joaquin Valley alone, the Fruit Frost-Agricultural Weather Forecast and Advisory Service saves the industry roughly 10% of the crop value through more efficient use of irrigation, reduced and better applications of pesticide sprays and nutrients, and accurate forecasts provided during the harvesting and drying period.

The California Fruit Frost-Agricultural Weather Forecast and Advisory Service covers areas where frost sensitive crops are grown, from the northern Sacramento Valley to the Mexican border. It is estimated that over $1 billion of the $15 billion California agricultural output is frost sensitive. Further, the estimated annual crop-loss savings in California alone approaches $70 million.

In addition to the fruit frost forecasts, the National Weather Service agricultural meteorologists provide detailed, site-specific forecasts to growers in an effort to reduce the amount of pesticides applied. A tremendous emphasis has been placed upon Integrated Pest Management ("IPM") by the U.S. Department of Agriculture/Agriculture Research Service, experiment stations and the various agriculture industries. Everyone associated with this research feels that the IPM approach to a more judicious use of pesticides will benefit agriculture and the end user of agriculture products. It should be noted that many of the IPM decisions are weather driven. That is, accurate weather data is vital for the efficient use of any of the IPM programs.

A recent report by the California Agriculture Weather Task Force states that uses of agricultural weather information include chemical applications, harvest timing, irrigation timing, pest management, frost protection, planting, burning, Labor scheduling and etc. Uses by an individual can vary depending upon commodities and conditions but it is evident that agriculture is constantly dependent upon agricultural weather information to make management decisions.

The California Agriculture Weather Task Force in its recommendations states that National Weather Service is and should remain the base for agricultural weather programs in California. To interrupt or eliminate this valuable service would produce disastrous results.

The California Raisin Advisory Board is deeply concerned with the decision as reflected in the proposed budget to again eliminate the Fruit Frost Forecast and other agriculture weather services. These programs return millions of dollars in lost crop savings to the producer and consumer each year. In fact, program audits indicate the Fruit Frost Service has the highest cost-benefit ratio of any division within the National Weather Service. Further, it would be extremely difficult, if not impossible for the private sector to take over all facets of these programs. There is no doubt that private sector costs would be many times more costly than current service, and it is highly probable that the quality of service would be less and might be unusable.

The California Raisin Advisory Board strongly urges this Committee to once again reject the Administration's decision to end these valuable agricultural weather programs.

We are aware of the conference agreement in fiscal year 1986 which not only restored the funds for this program but which also admonished the Administration for continuing to propose the elimination of the program. We feel such strong Committee language helps the morale of the National Weather Service personnel and encourages continued dedication to providing excellent service to the users of this program. To this end, we again recommend that funds be appropriated at current funding levels, with appropriate increases for inflation and employee benefits.

Respectfully submitted,

Clyde Nef

Mr. Clyde Nef
Manager
California Raisin Advisory Board
P.O. Box 5335
Fresno, California 93755

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April 15, 1986

The Honorable Neal Smith
Chairman
Subcommittee on Commerce, Justice,
State and Judiciary
H 310 - The Capitol
Washington, D.C. 20515

Dear Chairman Smith:

Enclosed is a statement for inclusion in the record of your Subcommittee's proceedings on the FY 1987 budget request for the Department of Justice.

The statement concerns the nationwide epidemic of violence against abortion clinics and family planning centers, ranging from bombing and arson to trespass, vandalism and harassment.

The federal law enforcement response to this violence is of serious concern to the Subcommittee on Civil and Constitutional Rights. In addressing the bombings and arson, the Bureau of Alcohol, Tobacco and Firearms has been vigorous and effective. Unfortunately, we found in three days of hearings and in over a year of studying the issue that the Justice Department has not taken any steps to pursue the other forms of violence that may be just as effective in denying women their constitutionally protected reproductive freedoms.

I am submitting this testimony to apprise you and your Subcommittee of this serious issue. I hope you can include some language in your Subcommittee's report, urging the Department of Justice to prosecute this violence in all its forms.

With kindest regards.

Sincerely,

Don

Don Edwards
Chairman
Subcommittee on Civil and
Constitutional Rights

DE:jdb

STATEMENT OF
HON. DON EDWARDS
CHAIRMAN, SUBCOMMITTEE ON CIVIL AND CONSTITUTIONAL RIGHTS
COMMITTEE ON THE JUDICIARY
APRIL 10, 1986

Mr. Chairman, members of the Subcommittee, for over a year the Subcommittee on Civil and Constitutional Rights has been studying the nationwide problem of violence against abortion and family planning clinics and the federal law enforcement response to that violence. I appreciate this opportunity to share with you some of our findings.

In March and April of last year, the Subcommittee held three hearings. We received testimony from patients, an anti-abortion activist, clinic directors, a doctor, the Federal Bureau of Investigation, the Bureau of Alcohol, Tobacco and Firearms(BATF), the Justice Department, and a constitutional law expert. Since then we have met with representatives of abortion rights groups, BATF, and the Department of Justice and have continued to gather data on the situation.

We found that across the country, women's reproductive health clinics, which provide not only abortions but also birth control and family planning services, gynecological care, and pregnancy testing, are the subjects day in and day out of violence, harassment and intimidation. We also found that the federal response to this violence has been mixed.

The most notable incidents of violence have been the bombings and arsons. Statistics provided by BATF and current to this date show that, since 1982, forty-two clinics have been the targets of arson or bombing. Damage at some clinics has been in the hundreds of thousands of dollars. A fire set at the Women's Clinic in Mesquite, Texas resulted in the destruction of ten stores in a shopping center with total damages of $1.5 million and injuries to two firefighters.

The violence is not limited to bombings and arson. It includes other forms of harassment that may be equally effective in discouraging the exercise of constitutional rights. Women are accosted and assaulted as they enter clinics. Entrances to buildings are blocked. Clinics are invaded to disrupt activities and vandalized. Bomb threats cause the evacuation of clinics. Doctors and staff receive threatening and obscene phone calls at home. Clinics are flooded with hate mail and their phone lines are tied up with harassing calls. I have attached to my testimony statistical compilations of reported incidents.

The response of state and local authorities to this violence has varied widely. In many areas, clinic officials feel that the response has been inadequate as police have not responded promptly to calls for assistance and, when responding, have ignored violations of the law or even expressed sympathy with the demonstrators. Even when police have treated the violence seriously, their actions are often ineffective because the potential penalties under state law are minor and those who are arrested are back at the clinic the next day harassing patients and staff.

Because this violence threatens the exercise of constitutionally protected reproductive freedoms and because local remedies are limited, federal civil rights laws and federal jurisdiction are implicated. The adequacy of the federal law enforcement response is what prompted my request to offer this testimony.

At the outset, let me emphasize that the BATF, which has jurisdiction over the bombings and arsons, has responded vigorously and effectively. Despite severely limited resources and a broad range of other responsibilities, BATF has devoted a large percentage of its agents to these cases. The commitment has paid off. To date, 27 of the 42 incidents under investigation have been solved. In each of the cases, convictions have been obtained, and substantial prison sentences have been imposed.

The bombings, nonetheless, have continued. Moreover, last December they took a frightening turn when, for the first time, letter bombs were used. Previously, all of the bombings had taken place at night, when the targeted buildings were likely to be empty. This past December, however, police and postal officials intercepted bombs that were mailed to four Portland, Oregon area clinics. Almost by definition, letter bombs are anti-personnel devices, intended to kill or maim. The use of such bombs has brought the Postal Inspectors into the matter; they are working together with the BATF in the investigations. Both BATF and the

Postal Inspectors have assured us that the bombings and attempted bombings will remain a top investigative priority.

In contrast to the response to the bombings, the Justice Department and the FBI have refused to take action against the other forms of harassment -- the trespassing, clinic invasions, threatening phone calls, assault and battery -- which also deny women their reproductive freedoms.

Federal statutes make it a crime for any two persons to conspire to interfere with another person's enjoyment of constitutional rights. Enforcement jurisdiction for these criminal civil rights laws rests with the FBI, which can act, however, only upon the direction of the Justice Deppartment. While the Justice Department acknowledges that the right to an abortion or to family planning services is constitutionally protected, it has taken the position that such rights are protected only against state action. Accordingly, in the absence of state action, the FBI is taking no action against the harassment and intimidation.

We believe that this is an overly narrow interpretation of the law. In addition, we believe that there are other bases for federal jurisdiction, that do not require state action, including 18 U.S.C. §245. There is also a federal statute, 18 U.S.C. §844, making bomb threats, even false ones, federal crimes if transmitted by the mails or over the telephone. Any one or a combination of these statutes could provide the jurisdictional basis for federal prosecution of clinic violence, thereby sending an important message to those who resort to violence in an attempt to deny others their constitutional rights.

Mr. Chairman, in the year since our hearings, the violence has not abated. If anything, it has increased. While the question of abortion is one on which divergent views are strongly and conscientiously held, I hope that you and the other members of the Subcommittee will agree with me that violence can never be accepted in our society. As Chairman of the Subcommittee on Civil and Constitutional Rights, I am willing to go farther perhaps than most in defending First Amendment rights of picketing and other forms of non-violent protest. I am not willing, however, to tolerate violence, especially violence directed at persons exercising rights protected under the Constitution. I hope that you will join with me in urging the Department of Justice to seek ways to address abortion clinic violence in all its forms.

INCIDENTS OF REPORTED VIOLENCE TOWARD ABORTION PROVIDERS

TYPE OF VIOLENCE	1977-1981	1982	1983	1984	1985	As of April 8 1986
Picketing & Harassment (no. of clinics affected)	24	22	61	160	139	44
Hate Mail/Harassing Phone Calls (no. of clinics affected)	0	0	9	17	32	6
SPECIFIC ACTS OF VIOLENCE						
Bomb Threats *	0	7	10	42	75	15
Invasions	38	14	16	34	47	11
Vandalism	8	8	19	35	49	6
Death Threats	3	0	1	23	22	3
Assaults/Batteries	5	3	3	7	7	1
Burglaries	0	3	0	2	2	0
Kidnapping/Hostage-Taking	0	1	1	0	0	0
Attempted Arson/Bombings	3	1	1	6	6	0
Attempted Package Bomb	0	0	0	0	4	0
Arsons	9	4	0	6	8	1
Bombings	4	4	3	18	4	0
TOTALS	70	45	54	173	224	37

* 1985 figure for "Bomb Threats" represents the number of clinics affected.

Source: National Abortion Federation

SUMMARY OF VIOLENT ATTACKS AGAINST REPRODUCTIVE HEALTH CLINICS

Year	NATURE OF INCIDENT
1985	4 - Bombings
	8 - Arson
	10 - Attempted arson/bombings
	1 - Car firebombing
	66 - Bomb threats (represents number of clinics affected)
	15 - Death threats
	42 - Vandalism
	2 - Burglary
	7 - Assault & Battery
1984	18 - Bombings
	6 - Arson
	6 - Attempted arson/bombings
	42 - Bomb threats
	23 - Death threats
	35 - Vandalism
	2 - Burglary
	7 - Assault & Battery
1983	3 - Bombings
	1 - Arson
	1 - Attempted arson/bombings
	10 - Bomb threats
	1 - Death threat
	19 - Vandalism
	3 - Assault & Battery
	1 - Kidnapping
1982	3 - Bombings
	3 - Arson
	1 - Attempted arson/bombings
	7 - Bomb threats
	8 - Vandalism
	3 - Burglary
	3 - Assault & Battery
	1 - Kidnapping
1981	2 - Death threats
	2 - Vandalism
	1 - Arson
	1 - Attempted arson

1977- 1980	1 - Death threat 6 - Vandalism 8 - Arson 5 - Assault & Battery 4 - Bombings 2 - Attempted Arson

Source: The Communications and Public Affairs Divisions of Planned
Parenthood Federation of America
National Abortion Federation
Bureau of Alcohol, Tobacco and Firearms

Statement of Honorable Tony Coelho
Subcommittee on Commerce, Justice, State, and Judiciary
Committee on Appropriations

Mr. Chairman:

I appreciate the opportunity to express my support for $50,000 in funding to be used for the purchase of satellite imagery equipment for the Clovis office of the National Weather Service. You expended a great deal of time to get this funding included in last year's Commerce Appropriations bill, and I sincerely appreciate your efforts, even though we came up short at the very last minute. I hope that this funding can be included in the FY '87 bill as it remains extremely important to the farmers of the San Joaquin Valley.

I know the chairman is aware that my district encompasses the largest agriculture producing area in the country. Over 200 different crops are grown by my constituents, and I am proud of the part that these farmers play in supplying the food needs for our nation.

However, over the years valuable crops have been destroyed by unexpected weather. Many times this damage could have been avoided or mitigated if area farmers had received more accurate and up-to-date weather information.

At the present time, the Clovis office of the National Weather Service only receives weather pictures once a day. If the office had the satellite imagery equipment installed and functional, a new weather picture would be available every 30 minutes. With more frequent weather information being available, farmers in the San Joaquin Valley could take a number of preventive measures to lessen crop damage and loss.

The Clovis NOAA office has told me that the equipment could be purchased within 30 days of the funding being made available. If we provide the money for the equipment this year, we would be able to have it in place by the time this fall's harvest season comes around.

Agriculture is experiencing some difficult times and the Congress has been committed to helping farmers with their problems. We can help to insure that our farmers do not have to contend with any unnecessary loss of their crops by providing them with weather equipment that will meet their current needs. We cannot change the weather, but we can help farmers to cope with it as best as possible.

I cannot stress enough the importance of the satellite imagery equipment for the farmers of the San Joaquin Valley. I urge you to include $50,000 for the purchase of this equipment in the FY '87 Commerce Appropriations bill. Thank you for your cooperation and assistance.

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*MEMBER COLORADO BAR ONLY

April 16, 1986

BY HAND

Chairman Neal Smith
Subcommittee on Commerce, Justice,
State and Judiciary
Committee on Appropriations
Capitol, H-309
Washington, D.C. 20515

Dear Mr. Chairman

I am enclosing a statement which I would like to have you insert in the record with reference to your consideration of appropriations for international telecommunications agencies.

If you should desire any further information, I shall be glad to appear in person or supplement this statement.

Sincerely

Leonard H. Marks

Enclosure

STATEMENT OF

LEONARD H. MARKS

ATTORNEY AT LAW

WASHINGTON, D.C.

BEFORE THE

COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE AND JUDICIARY

U.S. HOUSE OF REPRESENTATIVES

April 15, 1986

Mr. Chairman, my name is Leonard H. Marks, and I am a practicing lawyer in Washington, D.C. specializing in communications matters. I have had an active practice in the field of communications, with particular reference to international matters.

Some of my assignments have been:

- In 1963, President Kennedy appointed me as Incorporator of the Communications Satellite Corporation.
- In 1965, President Johnson appointed me as Director of the United States Information Agency.
- In 1969, I was appointed to head the U.S. Delegation to the first International Conference on Communications Satellites. That conference elected me as its Chairman.
- In 1974, President Nixon appointed me as Chairman of the Commission on International Education and Cultural Affairs.
- In 1983, President Reagan appointed me as an Ambassador to head the U.S. Delegation to the International Telecommunications Union Conference on high frequency broadcasting at the World Administrative Radio Conference. Last week, Secretary Shultz announced my appointment as Chairman of the U.S. Delegation to the ITU conference on this subject which will be held in January, 1987.

From this experience, I have gained a valuable insight into the importance of communications in dealing with foreign policy, and particularly, trade relations with other countries.

My attention has been directed to the testimony of Mr. David Leach in which he urges that greater support be given to several international organizations dealing with communications services and that the "U.S. government focus its available resources on those organizations which will have an immediate and direct effect" on the services rendered by U.S. companies.

From my experience as Chairman of the U.S. Delegation to the International Telecommunications Union High Frequency conference in 1984, I can endorse the conclusion that the Department of State plays a vital role through the U.S. Coordinator for International Communications and Information Policy. The ITU High Frequency delegation was the first one organized under the aegis of this new Bureau and conducted negotiations at the ITU under the direction of the Coordinator.

In his testimony, Mr. Leach contends that in certain instances there has been "a lack of preparation for ITU conferences." My experience is diametrically opposed to this conclusion. I was recruited for the assignment approximately one year before the conference. Preparatory work was undertaken almost immediately with a core delegation representing the Department of Commerce (NTIA), United States Information Agency, Board for International Broadcasting, Radio Free Europe/Radio Liberty, Federal Communications Commission, Department of Defense, National Security Council and the various Bureaus of the Department of State. Bilateral negotiations were conducted with countries that had significant broadcast activity so that the U.S. position was clearly presented in advance and differences of opinion discussed and, in many cases, resolved.

At the ITU High Frequency meeting in 1984, the delegation functioned harmoniously and effectively and was successful in securing an unprecedented action by the ITU in condemning "jamming" of western radio broadcasts and providing for a monitoring program which would identify the sources and effects of jamming. Throughout the conference, the office of the Coordinator facilitated the activities of the delegation and provided fundamental and indispensable support prior to and throughout the meeting.

The second session of the ITU High Frequency conference will convene in January, 1987 in Geneva, Switzerland. Ten months in advance of this date, a core delegation is being organized and the first meeting was held on April 14, 1986 with all the interested agencies represented.

Let me repeat that I strongly urge that you give careful consideration to the role of telecommunications as it affects our domestic and international policy and that adequate funds be allocated to the Department of State for the conduct of these negotiations in bilateral and multilateral forums.

In conclusion, it would appear that the Bureau for International Communications and Information Policy has lived up to the best expectations of those who conceived the legislation providing for this office. The mechanism has functioned well; the personnel are in place to continue the coordination which has started. Your support is essential for the future.

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COMMITTEE ON EDUCATION AND LABOR
U.S. HOUSE OF REPRESENTATIVES
518 HOUSE OFFICE BUILDING ANNEX #1
WASHINGTON, DC 20515

SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

Thank you, Chairman Smith, for inviting me to submit testimony on the Equal Employment Opportunity Commission's 1987 budget request. I am Matthew Martinez, Chairman of the Employment Opportunities Subcommittee of the Education and Labor Committee, a chair formerly held by my esteemed colleague from California, Gus Hawkins.

As you know, the EEOC is the federal agency responsible for enforcement of (1) Title VII of the Civil Rights Act of 1964, as amended, (2) the Age Discrimination in Employment Act of 1967, as amended, (3) the Equal Pay Act of 1963, and (4) Section 501 of the Rehabilitation Act of 1967. These acts prohibit employment discrimination based on race, sex, religion, national origin, age, and handicap status. The Equal Employment Opportunity Commission is also responsible for carrying out Executive Order 12067, which promotes coordination and minimizes conflict and duplication among federal agencies that administer statutes or regulations involving employment discrimination.

The budget for the EEOC supports three activities:

o Executive direction and program support - This activity provides for the direction and coordination of the Commission's programs. It also provides administrative and management support services for the agency.

o Enforcement - This activity resolves charges of employment discrimination filed with the Commission; litigates cases against respondents unwilling to comply with Title VII, the Equal Pay Act, or the Age Discrimination in Employment Act; carries out systemic enforcement; and promotes the participation of handicapped individuals in the federal workforce.

o State and local grants - This activity provides funds to state and local fair employment practice (FEP) agencies to assist in the resolution of employment discrimination complaints.

That, Mr. Chairman, is a brief sketch of EEOC's main budget programs. Today I will focus on three areas of discussion: (1) EEOC's current administration of its enforcement activities, (2) EEOC's proposed budget, and (3) comments on the internal allocation of funds within EEOC's programs.

ADMINISTRATION OF ENFORCEMENT ACTIVITIES

FIELD OPERATIONS

As Chairman of the Subcommittee on Employment Opportunities, with oversight jurisdiction over the EEOC's enforcement effort, I restate my concern with the voluminous growth of backlogged discrimination charges residing within the EEOC. One year ago I testified before this body, professing serious reservations regarding the EEOC's ability to reduce the enormous number of charges lingering within the Commission. There is every indication that the Commission's enforcement performance has continued to erode. Enforcement efforts have been stymied by the Commission's recently enunciated policies on remedies and enforcement. The gravity of this situation is underscored by what appears to be an effort on the part of the five Commissioners to reverse policies that have historically been effective in eradicating discrimination.

In Fiscal Year (FY) 1983, the EEOC was accruing a growing backlog of charges. From the 1982 carryover backlog of 33,417 charges, the EEOC carried over 31,538 in FY-83; 36,893 charges in FY-84; and 46,773 charges in FY-85. This represents a 48 percent increase in backlogged charges over the course of only three years. More importantly, the EEOC estimates that it will have 65,474 unresolved charges in 1986 -- a 108 percent increase over FY-83!

Predictably, an increase in case backlog creates a commensurate increase in case processing time. The average case processing time has increased by 14 days, from 181 days in FY-84 to 195 days in FY-85. In other words, it now takes the Commission over six months to process an individual charge. In addition, my Subcommittee has found instances where unprocessed cases residing within the agency for periods longer than 300 days have been summarily dismissed for lack of cause without benefit of full review or investigation. This shorthand method of resolving backlogged cases creates potential abuse of agency mandates.

The backlog of charges is the direct result of several factors. First, the EEOC is unable to bridge the gap between charges received and cases closed. In FY-84, total receipts exceeded total closures by 23 percent; in FY-85, receipts continued to exceed closures by 13 percent. This Fiscal Year, Rapid and Extended Charge receipts will rise by 9483 charges, to 76,602, while closures are expected to decrease by 633 charges.

Second, the Commission's new enforcement policy emphasizing charge investigations shifts the Commission's posture away from a settlement focus. The EEOC's new Remedies Policy states that "full relief must be obtained in every case in which a reasonable cause finding is made." That is to say that no settlement or compromise can be entered into if it falls short of Title VII relief -- even if the settlement is acceptable to both parties. This unfortunate state of affairs has resulted in a mere 14.4 percent settlement rate for FY-85--representing a 15 percent decrease in the settlement rate since this administration came to power. This policy shift has the effect of remedying fewer victims of discrimination. In 1980, 15,328 individuals received monetary benefits; by contrast, only 2,964 victims received monetary benefits in the first half of FY-85.

Equally disturbing is the dramatic increase in no cause findings that are calculated into the closure statistics. Last year Congress warned the EEOC in no uncertain terms about the necessity to decrease the escalating number of no cause dismissals. Despite this warning, the no cause dismissal rate has risen by 10 percent since FY-84, currently comprising over 56.2 percent of all new charges filed. This means that the EEOC has determined that a complainant has no reasonable cause for filing a discrimination charge against an employer in over half the complaints received.

Conversely, the number of cause closures has decreased by 25 percent since FY-83, currently accounting for only 3.1 percent of the EEOC case closure rate. What this results in, Chairman Smith, is not only a cancerous growth of charge inventory, but also an unmanageable number of cases requiring litigation. Although EEOC officials are touting a record 708 cases received for litigation by September 1985, only 411 cases are actually filed. What kind of victory is this when clogged case processing denies discrimination victims their civil rights?

PUBLIC SECTOR PROGRAMS

The EEOC's resolution of public sector complaints follows a pattern similar to the one I have been describing - a mounting case backlog combined with climbing receipts. In FY-85, pending inventory amounted to 3790 cases and it is estimated that Complaints Examiners will received over 5,533 complaints in FY-86 - an 8 percent increase over the previous year. Despite this increase, the number of closures is expected to remain constant at 5135 until FY-87. Clearly, this projection suggests a shortage of manpower and a less than optimum allocation of enforcement resources. Further, the projected carryover of cases requiring Review and Appeals is estimated to increase by 5 percent in FY-86 and by an additional 23 percent in FY-87.

I conclude, therefore, that Public Sector enforcement is both financially strapped and administratively inefficient.

SYSTEMIC

Mr. Chairman, EEOC's handling of Systemic and Class action activities is particularly worrisome. Systemic cases are complex, nation-wide pattern and practice discrimination cases initiated by the Commissioners themselves. Class action cases can also be complex, but such cases are initiated by groups of similarly situated individuals who believe they are being denied employment opportunities as a class.

In both arenas - Systemic and Class action - the EEOC has neglected to publish sufficient data for my Subcommittee to effectively gauge its operations this year. Although no class action data exists whatsoever, we do know that Systemic litigation was authorized by the Commission in only five Systemic charges in FY-85, decreasing by one case from the previous year. We also know that only five Systemic agreements were monitored during FY-85, as opposed to 25 cases in FY-84. We do not know, however, whether the inventory has grown from the 1984 level of 167 active charges and 44 pending cases, although the lack of data and caseload patterns we have reviewed thus far strongly lead me to infer that this is indeed the case.

I must conclude, therefore, that the EEOC is not only deemphasizing the enforcement of class action cases but also broad Systemic activity, as indicated by their reluctance to initiate class action suits.

This policy shift is of the utmost concern because, historically, the crux of the Commission's anti-discrimination crusade has focused on class action and systemic enforcement. The government has made huge strides in eliminating systemic employment discrimination, as evidenced by litigation victories over AT&T, General Electric, and General Motors. Recently, however, EEOC officials have instructed their field offices to consider class action and systemic charges for litigation only if specific individual victims, in addition to the charging party, can be identified, located, and interviewed. But, how can classes of victims be identified, located, and interviewed when the EEOC appears to be unwilling or unable to interview identifiable victims? This point is especially valid in light of the fact that it may take years to investigate and litigate a systemic case where, often times, the victims are unaware that they are victims at all.

This suggests to me, Mr. Chairman, that the potential for remedying large classes of victims is highly unlikely. Moreover, this policy sends forth a clear message to large employers that they no longer need fear broad litigation for systemic discrimination violations. In effect, this policy shift undermines the effective enforcement of civil rights law.

All this occurs at a time when the EEOC is taking an unlawful position with regard to the use of goals and timetables as a vehicle for remedying victims. The EEOC's Acting General Counsel, Johnny Butler, recently instructed his regional attorneys to cease enforcement of goals and timetables in future consent decrees to which the EEOC is a party. Recent oversight hearings on this matter reveal that these instructions were given in the absence of a vote by the Commission. Clearly, these actions reflect a contempt for substantive and procedural law and will be detrimental to the enforcement of civil rights law by depriving both plaintiffs and defendents of an equitable route to equal employment opportunity.

In conclusion, Mr. Chairman, the EEOC - under the direction of Chairman Thomas - is abdicating its enforcement and administrative responsibilities, thereby obstructing the growth of equality in employment. It appears, in fact, that the Commission's decision to forfeit responsibility for many EEOC policies will reverse the gains former Republican and Democratic administrations have worked hard to win.

EEOC'S PROPOSED BUDGET

Having highlighted the EEOC's administrative and policy problems, I turn now to the 1987 budget proposal to determine how it will affect the enforcement program.

The Administration has submitted a budget proposal for the EEOC, requesting $167.7 million - a $2.6 million increase over the dollar figure appropriated in FY-86. This request will provide an additional $143,000 for its Executive Direction and Program Support, an additional $2.5 million for Enforcement activities, and no additional funding for the State and Local Program. The plan holds the number of full time equivalent (FTE) positions constant at 3125, allotting 257 Executive Headquarters slots, and 2868 slots for what the Commission defines as enforcement positions.

In light of the management crises which I have been describing, I must conclude that the EEOC's current Fiscal Year 1987 budget is inadequate to meet its enforcement mandate. By examining the history of previous EEOC enforcement efforts, we can see that an increased budget of $9.6 million was appropriated in FY-84 with the sad result that the EEOC was unable to improve on its case closures; an increased budget of $6.2 million was appropriated in FY-85, and, as we have seen, the EEOC is categorically unable to close the gap between complaints received and cases closed. Further, the pending inventory carried over into FY-86 is estimated to be between 30 and 40 percent. Moreover, projections for FY-87 suggest more of the same. Rapid and Extended charge receipts alone will increase an additional seven percent over 1986, and the unresolved carryover of charges will jump by 22 percent!

Mr. Chairman, once again the EEOC is asking us to believe that it can rescue its enforcement activities by increasing its total budget by only $2.6 million. In light of the observations

I have detailed above, I am unable to understand how a $2.6 million increase will resolve the enormous administrative problems confronting the Commission, especially in the face of further fund reductions forseen under the Gramm-Rudman-Hollings proposal. To enact such an irresponsible budget proposal would signal to the Nation that the EEOC is rescinding its commitment to end employment discrimination in this Country. Therefore, I cannot responsibly concur with the Administration's budget request for the EEOC and I recommend that this Appropriations Committee modify the proposed budget for the agency to reflect more realistically EEOC's enforcement needs.

ALLOCATION OF FUNDS

In considering how to resolve this disparity between the EEOC's program administration problems and the Administration's budget proposal for the agency, I recommend a set of solutions which will help repair EEOC enforcement programs by bolstering enforcement efforts while trimming the fat off top-heavy management staffing. On behalf of my Subcommittee and the Education and Labor Committee, I propose that Congress support (1) the Administration's request for additional funding and (2) a modest budget increase of $2.3 million over the Administration's request, raising the final EEOC budget to $169.9 million. This figure represents a $4.9 million increase over the dollar amount appropriated in Fiscal Year 1986, but, I caution that this request for additional support for the EEOC comes only with certain conditions attached. I am asking that additional funds appropriated, pursuant to either the Administration's or the Education and Labor Committee's request, be earmarked for special enforcement activities in the field and in the State and Local Program.

Please allow me to elaborate. We support the Administration's recommendation for an additional $2.6 million over last year's appropriation on the condition that the monies be earmarked for any of the following specifically identified EEOC field enforcement activities that a District Director deems necessary: (1) litigation and enforcement FTE support, i.e., attorneys, Equal Opportunity Specialists (EOSs), and clerical staff; (2) computer services; and (3) non-supervisory training.

This conditional request is based on my belief that it is crucial to beef up field enforcement staffing and activity. Despite this, my Subcommittee is receiving a clear message that the EEOC is propogating its management staff at the expense of its enforcement activities. This state of affairs is unacceptable. Currently, the EEOC allots a whopping 22 percent of its total FTE slots to positions at Headquarters - positions that are primarily management oriented. This is occurring while field enforcement offices are experiencing severe resource problems. During recent on-sight field visits, we viewed Rapid Charge Units with Equal Opportunity Specialists who are carrying up to 150 charge caseloads. Attorneys and investigators are not only doing their own typing, but also paying their own postage on mailings to meet deadlines.

Even at Headquarters, it appears that enforcement activities are taking a back seat to management functions. Of the total number of FTE positions at Headquarters, the Office of Management comprises 38 percent of the slots while the Office of Program Operations - the major enforcement monitoring component - comprises only 19 percent of the slots.

Moreover, the EEOC would have us believe that it is targeting larger chunks of its 1987 funding for enforcement activity than it actually is. I say this because the manner in which the EEOC has categorized its organizational structure is misleading. Clearly, an increase in enforcement funding and activities is required to address the shortfall in enforcement backlog and investigations. However, EEOC's organizational chart displays offices in enforcement areas that are actually responsible for pure management functions. In appropriating monies for EEOC's enforcement programs, this committee should consider programs that have actual functions which are directly involved in enforcement efforts and not have money diverted to the already top-heavy management activities of the agency. Attached is an Appendix that pinpoints enforcement function programs while delineating which offices perform pure management support functions.

Chairman Hawkins and I urge that 1) the $2.6 million requested by the administration be earmarked for the specific enforcement activities I have outlined above, but that it should be tied to the purely enforcement programs designated in the appendix of program delineations; and 2) that management function programs outlined in the same appendix be frozen for the program year and the resulting FTE positions freed up by attrition be funneled directly into the district offices for enforcement FTE support.

In the Education and Labor Committee's request for an additional $2.3 million over the Administration's proposal, Chairman Hawkins and I are seeking the additional funds to be applied to the State and Local field enforcement program. Most of the state and local fair employment practice (FEP) agencies, with which the EEOC contracts, are eligible to receive additional funding from the Commission. State and local FEP agencies have the capacity and expertise to process a large number of EEOC charges. For instance, under current contracting, it is estimated that FEP agencies will process 44,759 charges this year, compared with the 62,944 charges the EEOC will process.

This allocation of support funds would enable FEP agencies to contract for a larger portion of EEOC charges, enabling the EEOC to clear up its backlog of cases by delegating more caseload to the FEP agencies. However, this earmarking of funds to help the EEOC must also be accompanied by EEOC action to streamline and expedite current FEP charge referral procedures, while maintaining close monitoring over the activities and quality of work of the FEP agencies. I want to stress the importance of the fact that state and local FEP agencies can act as a pressure valve to relieve bottled up EEOC case processing. If the FEP agencies are able to relieve the current horrendous backlog of charges, perhaps the EEOC will be able to focus greater attention on enforcement responsibilities that are currently being neglected, such as class and systemic action cases.

The $2.3 million appropriation will be channeled into two areas of the State and Local enforcement program: one million dollars will be directed into state and local grants for FEP Title VII and Age Discrimination case processing. The remaining $1.3 million will be funneled into FTE slots in the field EEOC Intake/State and Local enforcement unit to monitor state and local operations. This is critical because, currently, the EEOC is largely ignoring its FEP contract monitoring responsibilites for accountability and quality assurance. On average, field offices have only one person operating in this capacity. Therefore, if state and local FEP agencies are offered greater responsibilities in the area of employment discrimination enforcement, the EEOC must also meet its oversight responsibilities.

Finally, if EEOC litigation activities require the need for additional funding, I urge that this Committee provide supplemental funds to enable the agency to adequately enforce its antidiscrimination mandates.

I believe that the funding strategies proposed by Chairman Hawkins and I represent the only rational response to the operational needs of an agency clearly overburdened with its responsiblity to rid employment discrimination in our Country.

Thank you for inviting me to offer my testimony regarding the 1987 budget appropriation of the Equal Employment Opportunity Commission.

APPENDIX

ENFORCEMENT

DISTRICT, AREA, LOCAL OFFICES

OFFICE OF PROGRAM OPERATIONS
  SIICP
  Regions I-III
  Public Sector Programs

OFFICE OF GENERAL COUNSEL
  Systemic Litigation
  Trial Services
  Appellate Services

OFFICE OF PROGRAM RESEARCH

OFFICE OF REVIEW & APPEALS

EXECUTIVE DIRECTION

OFFICE OF MANAGEMENT
  OPS
  PMS
  FRMS
  ISS
OFFICE OF CHAIRMAN

COMMISSIONERS

OFFICE OF CONGRESS. AFFAIRS

EXECUTIVE SECRETARIAT

EEO STAFF

OFFICE OF AUDIT

OFFICE OF LEGAL COUNSEL
  Legal Services
  Coord. & Guidance Serv.

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SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

FISCAL YEAR 1987 APPROPRIATION FOR THE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

The Administration has submitted a 1987 budget proposal for the Equal Employment Opportunity Commission (EEOC) of $167.7 million - a $2.6 million increase over the dollar figure appropriated in FY-86. This additional money will be helpful to the agency, but by itself, this budget request is inadequate to meet the Commission's enforcement mandate because the EEOC has been unable to reduce its voluminous growth of backlogged discrimination charges. In light of the Commission's eroding enforcement performance, an additional $2.3 million will be needed to strengthen EEOC enforcement activities. If accepted, the final dollar amount represents a $4.9 million increase over the 1986 appropriation.

This funding will be earmarked to bolster enforcement activities in the field and in the State and Local contracting program. The additional $4.9 million will be earmarked in the following manner:

o The Administration's $2.6 million dollar request is approved on the condition that each District Director will judiciously direct the funding into one or more of three enforcement activities: (1) litigation and enforcement support for full time equivalent (FTE) positions, i.e., attorneys, Equal Opportunity Specialists (EOSs) and clerical support; (2) computer services; and (3) non-supervisory training.

o The additional $2.3 million will be channeled directly into the State and Local fair employment practice (FEP) agencies; one million dollars will be directed into state and local grants for Title VII and Age Discrimination case processing. The remaining $1.3 million will be appropriated for FTE slots in the EEOC Intake/State and Local field enforcement unit to moniter state and local operations.

o The Subcommittee recommends that management function program slots be frozen to enable FTE positions freed up through attrition to be shifted to the district offices to sustain nonsupervisory field enforcement staffing.

o The Committee recommends that requests for supplemental litigation funding to meet budget shortfalls be approved to enable the agency to meet its enforcement mandates.

We believe that this appropriation plan will enable the Equal Employment Opportunity Commission to catch up with its backlogged enforcement activities.

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United States Council for International Business

Serving American Business as U.S. Affiliate of:

The International Chamber of Commerce
The International Organisation of Employers
The Business and Industry Advisory Committee to the OECD
The ATA Carnet System

April 14, 1986

The Honorable Neal Smith
Chairman, Subcommittee on
Commerce, Justice, State
and Judiciary, Committee
on Appropriations
U.S. House of Representatives
2372 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Smith:

On behalf of the United States Council for International Business, I am writing to urge you to continue strong support for U.S. participation in the telecommunications activities of the Organization for Economic Cooperation and Development (OECD). The OECD is the only intergovernmental organization that recognizes and examines the economic implications of international telecommunications policies. The OECD is, therefore, uniquely positioned to influence the international telecommunications policies of its members, the 24 industrialized democracies.

The United States Council, with a membership of about 300 corporations, firms, and associations, is the U.S. business organization that officially consults with the major intergovernmental economic institutions influencing international business. It represents business views at the Organization for Economic Cooperation and Development (OECD) as the U.S. member of the Business and Industry Advisory Committee (BIAC) of that organization. The primary objective of the United States Council is to promote an open system of world trade, finance, and investment.

The United States Council devotes considerable time and effort to the telecommunications activites of the OECD. As international telecommunications contribute to the competitiveness of U.S. industry in world trade, we believe that it is too important an area to leave entirely to the international technical telecommunications bodies. We are currently working very closely with the U.S. Government (State, Commerce and USTR) and BIAC to ensure that the OECD effectively undertakes two projects which we feel could lead to greater liberalization of telecommunications policies. We cite these projects to illustrate the unique role that the OECD can play in this area.

One project examines the economic effects liberalization of telecommunications would have on member countries. We believe that such a study will show, in an objective manner, the economic and foreign trade benefits that countries could derive from more competitive telecommunications policies. Since the OECD represents 24 different countries, the results of the study, we anticipate, will have influence in nonmember countries as well as in OECD member countries. The second project involves negotiating an amendment to the current OECD code on services to include telecommunications and information services. We believe that, if successful, this effort could lay the groundwork for eventual GATT negotiations in this area and would help in building a new consensus on rules liberalizing international trade in telecommunications services.

Technical bodies are not equipped to handle such macroeconomic issues. The telecommunications trade problems currently facing the U.S. cannot be resolved by eliminating the technical barriers to the actual physical interconnection of networks. It is important to influence the economic and foreign policymakers in each government who determine telecommunications policy. The OECD addresses precisely these policymakers in its telecommunications work.

Therefore, the United States Council urges you to ensure that the U.S. Government continues to be well represented in the OECD telecommunications program and that it receives the high level attention by U.S. policymakers that it deserves.

Sincerely yours,

Abraham Katz
President

MEMBER STATES
ALASKA
CALIFORNIA
IDAHO
OREGON
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PACIFIC MARINE FISHERIES COMMISSION

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EXECUTIVE DIRECTOR
LAWRENCE D. SIX
TREASURER
G. L. FISHER

April 14, 1986

The Honorable Neal Smith, Chairman
Subcommittee on Commerce, Justice,
State, and the Judiciary
Committee on Appropriations
House of Representatives, H-309
Washington D.C. 20515

Dear Chairman Smith:

We submit the following general and specific comments on the National Marine Fisheries Service (NMFS) budget for FY 1987.

GENERAL

We believe that the highest priority use of NMFS funds is for management of interjurisdictional fisheries. This is defined in the broad sense as those activities associated with management of fisheries and fish stocks to include (1) plan development and modification, (2) regulation promulgation and enforcement, (3) fishery data collection, (4) research directly related to management and (5) habitat protection. These activities have great potential in terms of sustaining substantial economic benefits to the Nation and together constitute a proper role for government. The most important interjurisdictional fisheries which require Federal support are Magnuson Act and international fisheries.

About two-thirds of the NMFS budget is dedicated to research, a fairly substantial amount. While research is an important NMFS function, these dollars need to be concentrated on those programs which have immediate utility for management, i.e. fishery data collection and stock assessment. We must know how much was caught, where it was caught, and how much can be safely caught to ensure long-term productivity. Research not related to fishery management, such as studies of marine mammals and other protected species, enhancement research and fishery development research should be considered lower priority. These priorities are consistent with those expressed by the State Fish and Wildlife Directors at their 1985 Conference and by the Secretary of Commerce's Marine Fisheries Advisory Committee.

We strongly disagree with the proposed 40% cut in NMFS funding for FY 1987. This is a greater reduction than proposed for any other Federal resource management agency and is not justified. At the same time, we must agree that some savings can be made by redirecting funds to the most important activities. This should not be done as the Administration proposes by terminating or substantially reducing those programs which are not "in-house" programs, such as grants to Councils and States. Much of the work being done to manage Federal fisheries is being done by these non-Federal entities, but that doesn't make the activities less important, nor does it absolve the Federal government's responsibility to support them. Moreover, grant programs provide more "bang for the Federal buck" because they require matching funds from the recipients.

We respectfully request that if cuts are made by Congress that they be made in accordance with the priorities suggested. We also recommend that if NOAA reprograms after the appropriations process, that the reprogramming be done in accordance with these priorities, and that funds appropriated for fisheries not be reprogrammed into other elements of NOAA.

Our specific comments on each line item are presented below, in terms of changes to the Administration request.

SPECIFIC

A. Information Collection and Analysis

In order to establish a framework for making budget recommendations in the area of research, we suggest the following priorities for spending research dollars:

1. fishery management research, in particular fishery data collection and stock assessment
2. habitat research
3. enhancement research
4. fishery development research
5. protected species research

Resource Information

The following restorations of proposed Administration reductions under this line item are highest priority:

- Resource survey activities	$1,686,000
- West Coast groundfish research	918,000
- Anadromous fisheries research	4,350,000

This anadromous program restoration will provide the full funding required to implement commitments made during the Pacific Salmon Treaty negotiations.

If cuts are necessary, they should be made in Protected Species Biology, Fishery Ecology and Stock Enhancement research.

Fishery Industry Information

The collection of basic fishery statistics is a high priority activity. From savings identified in other line items, the proposed reduction of $3,100,000 in basic fishery statistics should be restored, plus an additional $1,800,000 urgently needed for Alaska and West Coast fishery data collection programs in support of Federal fishery management plans. Severe reductions in Alaska State revenue have forced the State to reduce basic groundfish data collection programs needed to manage under the Federal plan for this fishery. NMFS will need to pick up these programs, as well as a domestic observer program, at a cost of $1,100,000. For the Washington-Oregon-California area, limitations on NMFS and Council programmatic funding will cause shortfalls in assistance needed for the West Coast Fishery Data Collection project of $700,000. These data are needed by the Pacific Fishery Management Council and NMFS to manage the salmon and groundfish fisheries on the West Coast.

Information Analysis and Dissemination

The following activity proposed for reduction should be restored:

- Analyses for predicting stock abundance	$236,000

B. Conservation and Management Operations

Our priorities for NMFS management programs are as follows:

1. Fishery Management Programs
2. Habitat Conservation
3. Enforcement
4. Protected Species Management

Fishery Management Programs

The following restorations are highest priority:

- Regional Councils	$4,300,000

This would provide a total of $8,000,000 for the Councils, which is necessary to maintain the existing level of effort to manage the Nation's major fisheries. The 1986 level of $7,200,000 minus Gramm-Rudman cuts does not even provide the basic administrative needs of the eight Regional Councils. Continued funding at this or lower levels will require reduction in the already minimum number of meetings and/or elimination of important fishery management plans.

- Columbia River hatcheries	8,254,000

If an alternative funding mechanism for the Columbia hatcheries is not in place by October 1, 1986, continued NMFS funding will be necessary to prevent a gap in production. A legislative alternative has been introduced but not yet passed by Congress.

Protected Species Management

The Administration proposes no reductions in this item for FY 1987. If cuts in the NMFS budget are necessary, we believe that this area should be targetted, since it is not a high priority. Some level of funding must be maintained to meet the mandates of the Marine Mammal Protection Act and the Endangered Species Act.

Habitat Conservation

We recommend restoration of the proposed $2,269,000 reduction in environmental impact analysis. Habitat protection is a critical element of fishery management and is needed to ensure future productivity of the resources.

Enforcement and Surveillance

We agree with the Administration that no reductions should be made in MFCMA enforcement, however Protected Species enforcement programs could be examined for potential savings if cuts are necessary.

C. State and Industry Assistance Programs

Grants to States

Again, the Administration has proposed drastic reductions in State grant funds which support critical research and data collection programs in support of Federal fishery management. We recommend restoration of these programs to the 1985 level:

- Commercial R&D grants	$4,500,000
- Anadromous grants (The remaining $1,818,000 in Anadromous grants is included in the Pacific Salmon Treaty request)	1,682,000

Fisheries Development

We believe there should be less Federal involvement in industry assistance programs which can be conducted by the private sector. We agree with the Marine Fisheries Advisory Committee that we should maintain a basic cadre of expertise within NMFS but that the programs could be reduced. Many of the development projects can be carried out by industry with Saltonstall-Kennedy grants derived from import duties.

Financial Services Program Administration

We agree with the Administration proposal to transfer administration of these activities to the Department of Commerce.

D. Other Accounts

We recommend full restoration of the Saltonstall-Kennedy grant program ($8,007,000). This program provides grant dollars to the industry for high priority development projects, and the industry provides matching funds thus maximizing the benefit of the grant dollars. S-K funds are derived from duties on imported fish products, and therefore this program is not dependent on general tax revenues.

CLOSING REMARKS

The budget base for the total Marine Resources Program in FY 1987 is $174,845,000, and the Administration proposes to reduce that by $74,356,000, a 42% cut. This magnitude of reduction would make it impossible for NMFS to meet its major mandates, and is not justified. We have identified areas in the NMFS budget that could be emphasized less, which could result in significant savings, while still allowing the agency to address its mandates. We have requested only $1,800,000 in enhancements, which are necessary to maintain viable management programs for Federally-managed fisheries, and which can be more than compensated for by reductions in areas of lower priority.

We hope that this testimony is viewed as a constructive way of dealing with a difficult budget situation, and we would appreciate your support in implementing our recommendations.

Sincerely,

Lawrence D. Six
Executive Director

Atlantic States Marine Fisheries Commission
1717 Massachusetts Avenue, N.W.
Washington, D.C. 20036

April 14, 1986

CHAIRMAN
ELTON J. GISSENDANNER
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3900 COMMONWEALTH BLVD
TALLAHASSEE, FL 32303

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(202) 387-5330

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165 CAPITOL AVENUE
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VIRGINIA

Honorable Neal Smith, Chairman
Subcommittee on Commerce, Justice,
State and Judiciary
Committee on Appropriations
H130, The Capitol
Washington, D.C. 20515

Dear Mr. Smith:

This letter provides additional information on one aspect of the FY87 appropriations bill for the National Oceanic and Atmospheric Administration that continues to be of very great concern to us. This aspect is funding for the cooperative, coastwide interstate fishery management program (ISFMP).

Funding for the ISFMP was the subject of a letter to you on May 30, 1985 from Congressman Studds and Congresswoman Schneider (Attachment 1) requesting that $350,000 be earmarked in appropriations "for the National Marine Fisheries Service to support efforts by the three Interstate Marine Fisheries Commissions to develop inter-jurisdictional fishery management plans for species of priority interest." In regard to the ASMFC program, the letter goes on to point out that the necessary Federal contribution, provided as discretionary year-end funding by the National Marine Fisheries Service, has not been adequate to meet the Commission's growing needs.

Your Report 99-197 included a paragraph as follows:

"The Committee intends that of the funds provided for interjurisdictional fisheries management, that $350,000 be provided to develop interjurisdictional fishery management plans for species of priority interest."

The Senate Report 99-150 added the words "...$350,000 be provided to support efforts by the three interstate marine fisheries commissions to develop..." such plans.

This encouraged us to be more confident that our program would be able to continue. It seemed to us that the House and Senate language, in conjunction with the clear intent of the letter from Mr. Studds and Mrs. Schneider, would convey Congressional intent to the Administration in an unmistakable way.

However, as I mentioned to you during your hearing on April 8, the NMFS to date has not provided any FY86 funding to support our 15-state interstate plan development activities. In fact, NMFS has notified us that it will no longer provide even the small level of end-of-year funds that has in the past made possible our interstate planning for more than a dozen interjurisdictional Atlantic coast species. It is precisely this decision that we had hoped your Report language would help to prevent.

On February 8, we sent the attached letter (Attachment 2) to Mr. Gordon to inquire about the situation. At a February 28 Fish and Wildlife Subcommittee meeting, Mr. Studds indicated his understanding of the intent to fund the program, and questioned the status of the funding. Mr. Blondin, for NMFS, lacked an immediate answer but promised to provide one for the record. The NMFS response, signed by Bill Gordon, is attached (Attachment 3).

The NMFS response unfortunately is a none-too-subtle evasion of the intent of the legislative language and NMFS' prior support of our program. "Interjurisdictional fisheries" is admittedly an ambiguous term - had they chosen to, they could have inflated their list to an even much higher total by including more Magnuson Act activities, etc. The basic point is that little of the funding listed in their response is directly applicable to interjurisdictional management planning as the 15 East Coast States have effectively carried it out in recent years; and much of what it does list is already available on a limited cost-sharing basis under other appropriations for programs such as that for P.L.89-304 (Anadromous Fish Conservation Act).

The NMFS response suggests that the States should rely more heavily on their own funds and on Wallop-Breaux funding. However, the States, as we have repeatedly made clear, already provide considerable resources to these programs. While in the future we might be able to use some Wallop-Breaux funding for management planning for fisheries with a large recreational component, this funding will not be available this year and could not in any case apply to commercial fisheries.

As I pointed out in my statement, without continued funding cooperative management planning for more than a dozen important species from Maine to Florida must largely cease.

In short, Chairman Smith, we ask you to include stronger and more specific language in your bill for FY87 that will direct the NMFS to continue its contribution to the Commission's interstate fisheries management program in the sense conveyed in the request by Mr. Studds and Mrs. Schneider. The Federal responsibility to cooperate with the States in managing these valuable fisheries is too great for them to shrug off clear Congressional intent so lightly and with such little justification.

Thank you very much for considering our request.

Sincerely,

Jim McCallum

Jim McCallum

Enclosures

GERRY E. STUDDS
[illegible]

[illegible]
[illegible]
[illegible]
[illegible]

[illegible]
FOREIGN AFFAIRS
MERCHANT MARINE AND
FISHERIES

[illegible]
SUBCOMMITTEE ON
COAST GUARD AND NAVIGATION

Congreſs of the United States
House of Representatives
Washington, DC 20515

GREATER NEW BEDFORD
[illegible]
[illegible]
[illegible]

SOUTH SHORE
[illegible]
[illegible]
[illegible]
[illegible]

CAPE AND ISLANDS
[illegible]
[illegible]
[illegible]

ATTACHMENT 1

May 30, 1985

Dear Neal:

This letter is to request that a total of $350,000 of the $2.7 million requested by the Merchant Marine and Fisheries Committee be earmarked in appropriations for the 1986 fiscal year for the National Marine Fisheries Service to support efforts by the three Interstate Marine Fisheries Commissions to develop inter-jurisdictional fishery management plans for species of priority interest. We would like to point out that we are not requesting an enhancement of the committee's request for this line item.

Approximately 59% of the volume and 45% of the value of our nation's commercial fishery landings, and up to 75% of recreational fishing, occur within the 3-mile territorial sea and internal waters of the coastal States. A majority of the species in these fisheries range widely between the waters of different states, and often also into waters under Federal jurisdiction. They contribute to interstate commerce and are truly of national importance.

Effective management of these important shared coastal resources is recognized to be a national objective. Experience indicates that this management can be carried out most efficiently through cooperative measures undertaken by the States themselves.

For example, the fifteen Atlantic coastal States now have planning efforts underway for 14 species of fish valued at over $350 million annually, and cooperate in other statistical and research programs. The States provide the essential manpower and invest considerable State funds in these management programs.

In recent years, the necessary Federal contribution, provided as discretionary year-end funding by the National Marine Fisheries Service, has not been adequate to meet the Commission's growing responsibilities.

RECEIVED
ATLANTIC STATES
MARINE FISHERIES COMMISSION

A specific appropriation of $350,000 to the three Interstate Fisheries Commissions will make it possible to pool the expertise and funding of the States and the Federal government to maximize the benefits of their individual expenditures; monitor and address crises in fisheries in a coordinated way; and meet more effectively the State and Federal responsibility to manage inter-jurisdictional fisheries for the benefit of the nation.

Thank you for considering this request.

Sincerely,

Claudine Schneider

Claudine Schneider
U.S. Represetnative

Gerry E. Studds
U.S. Representative

Honorable Neal Smith
Chairman
Subcommitte on Commerce, Justice, State and Judiciary
Committee on Appropriations
H130, The Capitol
Washington, D.C. 20515

Atlantic States Marine Fisheries Commission
1717 Massachusetts Avenue, N.W.
Washington, D. C. 20036

February 28, 1986

CHAIRMAN
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SOUTH CAROLINA
VIRGINIA

ATTACHMENT 2

Mr. William G. Gordon
Assistant Administrator for Fisheries
NOAA/NMFS
Washington, D.C. 20235

Dear Bill:

The House and Senate Reports on H.R. 2965, "Making Appropriations for the Departments of Commerce, Justice, and State, the Judiciary and Related Agencies for the Fiscal Year Ending September 30, 1986 and for Other Purposes" (Report 99-197 and Report 99-150, respectively) contain language of great interest to the Atlantic States Marine Fisheries Commission. The President signed H.R.2965 into law on December 13, 1985 and the House and Senate Report language and related Congressional documents, of course, are very important in determining Congressional intent with regard to use of the appropriated funds.

I am referring to the language that relates to funding for interjurisdictional fishery management planning by the Commissions as follows:

> Report 99-197, House of Representatives, states:
>
> "The Committee intends that of the funds provided for interjurisdictional fisheries management, that $350,000 be provided to develop interjurisdictional fishery management plans for species of priority interest."

An important component of the legislative history of this provision is the May 30, 1985 letter from Congressman Studds and Congresswoman Schneider to Chairman Smith of the Appropriations Subcommittee providing greater detail on the intent of their request for funding (copy attached). This letter requests that ..."$350,000...be earmarked in appropriations for the 1986 fiscal year for the National Marine Fisheries Service to support efforts by the three Interstate Marine Fisheries Commissions to develop inter-jurisdictional fishery management plans for species of priority interest." The letter further refers to the inadequacy of the necessary Federal contribution to meet the Commissions' growing responsibilities, and relates several advantages that would result from a specific appropriation to the Commissions.

Report 99-150, Senate, specifically mentions support of Commission efforts:

> "The Committee intends that of the funds provided for interjurisdictional fisheries management, $350,000 be provided to support efforts by the three interstate marine fisheries commissions to develop interjurisdictional fishery management plans for species of priority interest."

We were reminded today, at the Subcommittee hearing on H.R.3358 (Atlantic Striped Bass Conservation Act) that the Commissions have not yet received any support under this provision. Mr. Studds and Mrs. Schneider were under the impression that the $350,000 had been distributed. I had to reply that we have not received such funding and, in fact, we have been told by the NMFS Northeast Regional Office that we will not receive any funding for the Interstate Fisheries Management Program this year.

Because a very major part of our 15-State interstate fisheries management program depends on this annual year-end funding source, we are understandably very concerned about the stated intent to discontinue funding, and the lack of any attention on the part of the Administration to the legislative language in the Appropriations Reports. Management of high priority interjurisdictional species (such as striped bass, summer flounder, bluefish, American shad, weakfish and other sciaenids, and Atlantic menhaden) is in a critical stage of development now, and under intense public scrutiny. It will be very, very unfortunate for the resource if we are forced to abandon our management program suddenly because of termination of the Federal contribution to the program, which has been only at an inadequate annual level of $75,000 in any case.

We are always reluctant to add unnecessarily to your agency's workload during these busy times. However, Mr. Studds at today's hearing asked why the $350,000 (minus the 4.3% Gramm-Rudman reduction) had not been allocated as appropriated. Mr. Blondin, lacking an immediate answer, agreed to supply a response for the record. We would certainly appreciate it if you could send us a copy of the response as well.

Thank you very much.

Sincerely,

Irwin M. Alperin
Executive Director

Attachment

cc: Congressman Gerry Studds
Congresswoman Claudine Schneider
Congressman Neal Smith
Senator Lowell Weicker
Senator Robert Packwood

UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE
Washington, D.C. 20235

MAR 26 1986

ATTACHMENT 3

Mr. Irwin M. Alperin
Executive Director, Atlantic States
Marine Fisheries Commission
1717 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Dear Mr. Alperin:

Thank you for your letter regarding the allocations to the Interstate Marine Fisheries Commissions (Commissions) for interjurisdictional fisheries. Although the Committee Report indicated intent to provide $350,000 for the Commissions in FY 1986, no monies were specifically appropriated. The National Marine Fisheries Service cannot reprogram that level of funding. However, funds will be available in FY 1986 to the three Commissions for interjurisdictional fisheries as described in the enclosed table.

As the table indicates, approximately $404K will be available to the Commissions for interjurisdictional fisheries management, as well as an additional $112K under Sections 4 and 7 of P.L. 89-304. Most of these awards have already been made or will be shortly.

If additional funds become available, every effort will be made to make further allocations for the Commissions' work on interjurisdictional resources.

A copy of Mr. Blondin's responses for the record to the allocation questions raised at the recent House hearings has been enclosed.

Sincerely,

Bill Gordon

William G. Gordon
Assistant Administrator
for Fisheries

Enclosures

1986

	8L2A ($K)	P.L. 89-304 ($K)
Atlantic States Marine Fisheries Commission		
1. Implement Shad and River Herring Plans		45.0
Gulf States Marine Fisheries Commission		
1. Cooperative Agreements for Plan profiles for red drum, menhaden, sea trout, blue crab and striped bass	41.5	
Pacific States Marine Fisheries Commission		
1. Support for Columbia Basin Fish and Wildlife Council	24.0	
2. Council State/Federal activities	18.0	
3. West Coast data collection for salmon and groundfish	320.0	
4. Salmon activities		67.0
	404.5	112.0

Page 67 Lines 1449-1451

Although the Senate Committee Report indicated intent to provide $350,000 for the Commissions in FY 1986, no monies were specifically appropriated. The NMFS cannot reprogram, as funds are fully committed. However, funds will be available in FY 1986 to the three Commissions for interjurisdictional fisheries as described in the table below.

	8L2A ($K)	P.L. 89-304 ($K)
Atlantic States Marine Fisheries Commission		
1. Implement Shad and River Herring Plans		45.0
Gulf States Marine Fisheries Commission		
1. Cooperative Agreements for Plan profiles for red drum, menhaden, sea trout, blue crab, and striped bass	41.5	
Pacific States Marine Fisheries Commission		
1. Support for Columbia Basin Fish and Wildlife Council	24.0	
2. Council State/Federal activities	18.0	
3. West Coast data collection for salmon and groundfish	320.0	
4. Salmon activities		67.0
	404.5	112.0

As the table indicates, approximately $404K will be available to the Commissions for interjurisdictional fisheries management, as well as an additional $112K under Sections 4 and 7 of P.L. 89-304. Most of these awards have already been made or will be shortly.

It is not possible to allocate funds to the three Commissions equally. When Commission requests are submitted, priorities must be established. For example, this year research needs relating to the implementation of the U.S./Canada Pacific Salmon Treaty are of highest priority. These priorities may change from year to year and depending upon the economic climate could affect ongoing multiyear projects as well as new ones.

Over the past few years, less and less funding has been available for discretionary purposes, such as grants to the Commissions. They will have to turn to the States, and new funding sources, such as the Wallop-Breaux fund, to support their activities. However, if additional funds become available, every effort will be made to make further allocations for the Commissions' work on interjurisdictional resources.

Gulf States Marine Fisheries Commission

MEMBER STATES
ALABAMA
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LOUISIANA
MISSISSIPPI
TEXAS

P.O. BOX 726
OCEAN SPRINGS, MS.
39564
(601)875-5912

March 31, 1986

The Honorable Neal Smith, Chairman
House Appropriations Subcommittee for
Commerce, Justice, State and Judiciary
2373 Rayburn House Office Building
Washington, DC 20515

Dear Congressman Smith:

On behalf of the five Gulf of Mexico States, I would like to offer the following comments in support of some of the FY 1987 Marine Fisheries programs which the President's budget recommends be eliminated.

The highest priority use of NMFS funds should be cooperative State-Federal programs for research, data collection and management of interjurisdictional fisheries. Management of fisheries resources is meant here in its broadest sense. It involves more than plan development and harvest regulations; it includes the functions necessary to assure that the greatest benefits are achieved on a continuing basis. This includes, but is not limited to, plan development and modification, monitoring, data collection and analysis, research, development, enforcement, and habitat protection.

PL 88-309 and PL 89-304. The Commercial Fisheries Research and Development Act and The Anadromous Fish Conservation Act.

PL 88-309 was enacted in 1964 to authorize the Secretary of Commerce to cooperate with the 50 states, the Commonwealths of Puerto Rico and the Northern Mariana Islands, and the Governments of the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands, in carrying out research and development of the Nation's commercial fisheries. Funds are allocated on a formula basis. Projects are eligible for up to 75% Federal funding. PL 89-304 is a similar act which focuses on the anadromous fishery resources of the Nation. The states have repeatedly and strongly endorsed this program as effective and necessary for State/Federal cooperation, and monitoring and research on the Nation's valuable fishery resources.

We recommend PL 88-309 be reauthorized without amendments and the level funded at $4.5 million for FY 1987; and PL 89-304 funded at $3.5 million for FY 1987.

SEAMAP - Southeastern Area Monitoring and Assessment Program.

The Southeastern Area Monitoring and Assessment Program (SEAMAP) is a State, university and Federal program for collection, management and dissemination of fishery-independent data and information in the Southeast Region of the United States. It is not a research program. Its purpose, through cooperative planning, cooperative surveys and cooperative data management, is to make essential fisheries and environmental data available to fishery managers and researchers for the best possible cost. SEAMAP takes advantage of the numerous sampling platforms and scientific and technical capabilities existent in the Southeast. The program has been highly successful resulting in more than a 400 percent increase in available data compared to periods prior to SEAMAP. These data have and are being used to evaluate a major Federal fishery management option in the Gulf known as the Texas Closure and have been invaluable in guiding state management decisions primarily related to the opening and closing of shrimp areas. Additionally the data have been used to help answer questions on such species as squid and king mackerel.

We recommend level funding at $1.0 million for FY 1987.

Marine Fisheries Initiative (MARFIN).

This Initiative proposes an expanded investment in Gulf fisheries work of approximately $8 million annually for five years to take full advantage of our resources. This project is designed to increase the economic contribution of underutilized and unutilized species, developing more valuable products from existing fisheries, developing export markets, forecasting variation in yields, and conserving and maintaining presently exploited resources. The Gulf of Mexico is the largest producer of domestic fishery landings in the United States. These landings add over $5.6 billion annually to the economy and provide over 30,000 jobs. This additional investment in fisheries research (research in the broadest sense) could increase the fisheries from their current $0.6 billion annual ex-vessel value to $1.3 billion.

We recommend level funding at 2.85 million for FY 1987.

Fishermen's Contingency Fund

The Fishermen's Contingency Fund provides compensation to domestic fishermen for damages or loss of fishing gear and any resulting loss due to natural or man-made obstruction related to oil or gas exploration, development and production on the Outer Continental Shelf. The

Secretary of Commerce is authorized to establish an area account within the fund for any area of the Outer Continental Shelf. A holder of a lease, permit, easement, or right of way in such area is required to pay a fee into the appropriate area account in the fund. Each area account, if depleted, will be replenished by assessments. Title IV stipulates that amounts available in each area account can be disbursed only to the extent provided by appropriation acts. The funds for this program are from oil and gas companies and not from the General Treasury.

We recommend level funding at $750,000 for FY 1987.

Thank you for your favorable consideration of these and other Marine Fisheries Programs.

Sincerely,

Larry B. Simpson

Larry B. Simpson
Executive Director

LBS/eb

BUDGET RECOMMENDATIONS--FY 1987
INTERNATIONAL ASSOCIATION OF FISH & WILDLIFE AGENCIES
February 14, 1986

NATIONAL MARINE FISHERIES SERVICE

The National Marine Fisheries Service (NMFS) $96.7 million budget for operations, research and facilities represents a 40% reduction in FY 1987 compared to the FY 1986 appropriation of $162.1 million. Personnel would be cut by 326 nationally, a reduction of about 17%.

This proposed reduction will threaten the survival of the agency and jeopardize the ability of NMFS to properly manage the Nation's marine fisheries. Oceans and fisheries programs would receive greater cuts than other NOAA and Department of Commerce activities, and the FY 1987 NMFS budget would be reduced substantially more than other resource management agencies. The Association finds no justification for the disproportionate cuts proposed for NMFS.

The IAFWA believes that the highest priority functions of NMFS are research, data collection and management of interjurisdictional fishery resources. In this regard, we strongly oppose the 39% cut proposed for the Resource Information line item, termination of the State research grant programs and the 49% cut in Conservation and Management programs.

Of particular concern to the state members are the following reductions in NMFS budget areas that are high priority for restoration:

1. Grants to states through the Commercial Fisheries Research and Development Act (PL 88-309) should be restored to the 1986 level of $4.5 million (the 1987 Administration budget is 0). The majority of projects conducted under this title support high priority interjurisdictional fisheries management planning in support of Regional Councils and/or interstate management plans, and the collection of indispensible commercial fisheries statistics.

2. Grants to states through the Anadromous Fish Conservation Act (PL 89-304) should be restored to the 1986 level of $3.0 million including $0.5 million for the Emergency Striped Bass Study (the 1987 Administration Budget is 0). This minimal level of funding of Anadromous Fish Grants is essential to continue annual monitoring and research on extremely valuable and man-impacted salmonid, striped bass, American shad and related river herring fisheries for which federal and state (interjurisdictional) conservation and management are basic to resource restoration and enhancement. Continual funding of the Emergency Striped Bass Program on the Atlantic Coast is essential to the completion of studies under way to reverse the precipitous decline of this economically important species.

3. The budget for the operations of the Regional Fishery Management Councils (established by PL 94-265) should be restored to the 1986 level of $7.2 million (the Administration's proposes a budget reduction of $3.7 million for 8 Councils). If Council operational cuts are sustained, Councils which have produced management plans and manage all important fisheries in the Fishery Conservation Zone, will be reduced to inoperative status. Councils must maintain their dynamic planning and monetary functions as envisioned in the Fishery Conservation and Management Act if domestic commercial and recreational fisheries are to flourish.

4. The total allocation of Saltonstall-Kennedy funds to NMFS ($46 million) is proposed to offset the operation, Research and Facilities Account, which would eliminate the S-K grant program. We recommend maintenance of an $8-10 million grant program, because it addresses the high priority industry research and development program and generates industry matching monies.

5. We strongly oppose termination of Federal support for the Columbia River mitigation hatcheries. An adequate alternative funding mechanism has not been implemented, and a halt in hatchery production from 24 salmon hatcheries would jeopardize major fisheries and be counter to US/Canada Pacific Salmon Treaty commitments.

6. NMFS habitat research and conservation programs should be restored to 1986 levels--$14.9 million and $5.3 million respectively (the 1987 budget proposes a crippling reduction of $8.7 million for habitat research and $2.3 million for habitat conservation). Productive habitat is absolutely essential. Habitat research, environmental management activities, habitat conservation analyses, associated mitigation work and high level of cooperation with Corps of Engineers and other agencies must be high priority for restoration. The NMFS Habitat Policy initiatives and responsibilities should be sustained by the budget.

7. Resource Information, Analysis and Dissemination
The ability of NMFS to perform its necessary research and management functions and to disseminate the relevant information to the public and private sectors must be maintained if the many responsibilities mandated by Congress are to be carried out at a useful and effective level. Among these mandates the IAFWA considers the NMFS research and statistical support to the Fishery Management Councils to be paramount. Other mandates also require continued research support for the US-Canada Pacific Salmon Treaty, the Endangered Species Program and the Marine Mammals Protection Act.

The IAFWA expresses special concern with the Administration's proposed closure of many important NMFS research facilities (Gloucester, MA; Oxford, MD; Bay St. Louie, MS; Galveston, TX; and Tiburon, CA). We note especially that virtually all NMFS fishery disease and pathology research is concentrated at the Oxford Laboratory. We are equally concerned with the major reductions that would leave only a shell of activity at most of the remaining facilities. The work of the fishery councils has always been slowed by the current state of fishery statistics and stock assessment estimates. We note with real concern the proposed 70% reduction in resource surveys. The areas of product quality and safety reductions would effectively eliminate a nationwide contribution to public health.

4. The Marine Recreational Fisheries Statistics Program
Many fishery management plans cover fisheries with major recreational as well as commercial components. Such fisheries cannot be managed on commercial landings data alone. The administration's proposal to cancel this program would eliminate the only recreational estimates that are available to NMFS and the Councils. Until better approaches are developed and implemented this program must be retained.

STATEMENT OF E. WILLIAM HENRY

Mr. Chairman, Members of the Committee, my name is E. William Henry. I am a lawyer in Washington, D.C., and a former Chairman of the Federal Communications Commission. I currently serve as the Chairman of the U.S. Advanced Television Systems Committee (ATSC), a group of television industry companies and organizations charged with coordinating and developing voluntary national technical standards for advanced television systems.

I am aware of your subcommittee's ongoing interest in assuring optimum allocation of resources among various Federal agencies concerned with international telecommunications, and I commend you for this effort. I submit this statement as an individual concerned with the goal of effective policy development and implementation in this field.

For many years, including the period during which I was a member of the Federal Communications Commission, the federal government's role in international telecommunications was regrettably divided among a large number of United States agencies. In my view, it was the growing awareness of the importance of this realm that brought Congressional and Executive attention to the problems caused by this unduly fragmented division of responsibility. Since my days on the

Commission, I have also noted the growing capacity of other nations to harness decisionmaking powers far more readily. The quasi-governmental nature of telecommunications and broadcasting industries in these lands lent that advantage to other nations.

Despite the progress made in taking remedial steps here in the United States, however, unanswered questions remain concerning where international telecommunications policy is made, who coordinates it, and who articulates it beyond our borders.

Thus many of us in both private and public responsibilities looked with favor upon the decision of the Department of State to place the coordination of telecommunications foreign policy in one office. The Bureau of Communications and Information Policy in the Department of State is new. It is doing an excellent job of finding its proper place in a difficult area where other agencies have complementary roles. Most notably, the NTIA and the FCC now properly devote more attention to the issues. This may have been generated by competition among them, as well as the sheer and growing size of the task.

As Chairman of the ATSC, I have come into close contact with the Bureau. From that vantagepoint, I have grown to value afresh the existence of a single point at which to focus efforts for dealing with the International Telecommunications Union and its associated agencies, the CCIR and the CCITT.

Equally important, I have observed the importance of the means by which private sector recommendations are gathered, debated and evaluated, and then submitted to the Department for pursuit in behalf of the United States.

Particularly encouraging has been the strengthening of the process by which this Country's positions at meetings of international telecommunications organizations are developed, and the enhanced ability of our delegations to remain unified on these positions in contrast to those of many other governments. This process is not perfect, but we are, in my view, well down the road from the days when this process was hampered by the existence of too many cooks stirring the pot.

Your Subcommittee's efforts to shepherd and assess the work of all agencies in the field of international telecommunications is, therefore, much appreciated.

E. William Henry
Ginsburg, Feldman & Bress, Chartered
Suite 700
1250 Connecticut Avenue, N.W.
Washington, D.C. 20036
Telephone: 202-637-9040

TESTIMONY OF

KENNETH L. PHILLIPS

COMMITTEE OF CORPORATE TELECOMMUNICATIONS USERS

BEFORE THE
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE AND JUDICIARY
U.S. HOUSE OF REPRESENTATIVES

APRIL 14, 1986

My name is Kenneth L. Phillips, Chairman of Legislative Affiars of the Committee of Corporate Telecommunications Users, (CCTU). I am also Vice President for Telecommunications Policy at Citicorp, in New York.

Historically, in discussions surrounding issues of both domestic and international telecommunications policy, and the resources brought to bear on these matters both by the private sector and government, one voice has consistently NOT been heard: that of the users.

For this reason, I am particularly pleased to share the user perspective with you today, as dramatic changes are underway in the telecommunications and information marketplaces, serving vastly to increase both our stake and risk in the policy and regulatory arenas. These changes are occuring just at the moment when the telecommunications regulatory environment in the United States is beginning to recover from the effects of the AT&T divestiture and the adoption of new, largely deregulatory policies by the Federal Communications Commission.

Today over 60% of the online databases in the world are resident on host systems located within the 48 contiguous United States. The direct resale of this information, its electronic repackaging, and distribution to users throughout the free world not only represents a multi-billion dollar business employing tens of thousands of Americans, but given the effort by some overseas political entities to restrict the free flow of information and access, one of the major opportunities for foreign policy headway.

Even more staggering than the year-to-year growth in the number of databases resident in the U.S. has been the explosive growth in the access and usage these information sources have seen from points outside U.S. borders. Annual growth rates of 20%-30% in off shore access to U.S. databases has been reported by many information service providers.

Historically, the U.S. private sector has had to expend millions of dollars in working with foreign governmental agencies, Post Telegraph and Telephone (PTT) administrations, and United Nations-affiliated agencies, the ITU in particular. The users are quite used to "Going it alone" in these relationships. Indeed, some might argue the appropriateness of government's role being minimal in this area. But, as the issues have become more complex, and the stakes higher, governments of other lands have long ago started to assemble impressive infrastructure supporting these issues.

In that regard, I am happy to be able to note the comparatively recent formation of the Bureau for Communications and Information Policy within the United States Department of State, and the timely manner in which this new group within our government has been able to move into action. While the Federal Communications Commission has clearly been effective through its Computer Inquiry Proceedings as well as specialized dockets dealing with other aspects of international telecommunications policy, the National Telecommunications and Information Administration is primarily concerned with representing the interests of the United States government as a major user, and not the principally the private sector users, who are responsible for the bulk of international traffic.

With such major issues at stake as preserving the United States' present share of geostationary orbital positions, which have come under attach at the ITU's Space World Administrative Radio Conferences, as well as attempts by foreign administrations to insist on the ability to break into encrypted messages bound to and from the United States, it is clear that the establishment of the Bureau for Communications and Information Policy within the State Department was very timely, and represents a most sagacious allocation of resources, even in these days of budgetary retrenchment. Increasingly, foreign policy and telecommunications policy overseas will require direct and detailed coordination.

For example, just as Congress is considering a number of trade bills in the technology arenas, several Latin and Central American nations have erected protective trade barriers specifically directed at telecommunications equipment. The analogy of growth in the international telecommunications field today to the early growth of railroads in the U.S. is colorful, but inadequate. The reason: No more steam is needed to transfer a file of information from Washington to Baltimore, than Washington to London, since the actual distance the bits and bytes travel is the same in both cases, thanks to satellites sitting in geostationary parking spots -- those same spots which some nations would have removed from U.S. jurisdiction a reallocated along lines of population density, to name but one plan.

With telecommunications costs becoming increasingly distance-insensitive, and with information and end-users seeking access to information ABOUT something, rather than to the commodity itself, information increasingly is taking on the value-laden characteristics of the item to which it pertains. In short, this means that electrons in satellite systems, and photons in fiber optic strands are quickly replacing foreign currencies, direct provisioning of services, and international monetary standards, while the number of bits crossing geopolitical boundaries must skyrocket exponentially.

From a trade perspective, no longer do transnational information flows resemble the importation and exportation of goods. For one thing, information cannot have duties applied to it as if it was a good, since doing so requires valuation, and valuation requires opening the package -- in direct violation of concept considered central to the American manner of commerce and privacy in communications.

In the past, something of a "Family Feud" has occasionally developed between Federal agencies connected with telecommunications. While we do not believe that this has seriously compromised the content of our government's presentations, it has impeded our ability to respond in a timely manner in taking policy initiatives. Sometimes the view of an unbiased outside observer is valuable. To that end, the users view the Federal Communications Commission as an effective regulatory interface to the carriers and other service providers, the NTIA as the official spokesman of the government itself as a user, and the Department of State clearly as our overseas spokesman and policy coordinator.

Most recently, the Bureau of Communications and Information Policy organized a seminar in which leaders from both the carriers, and operators of large specialized business networks briefed the Technology and Telecommunications Attaches from foreign service posts from around the world. Not only was this an outstanding opportunity for members of the foreign service staff to gain "hands on" information from those with extensive working experience in their countries of assignment, but an important bridge of cooperation was formed between the private sector and government in an area of increasingly critical importance to both.

The user community therefore applauds the action taken by State in establishing a permanent Bureau with operating responsibility in the area of international telecommunications policy, and would urge this Committee in considering future appropriations and realignment of resources, to make possible sufficient growth more than adequately to meet the very formidable challenges which will surely be brought to bear upon the United States from foreign telecommunications policy-making bodies in the months and years to come.

Thank you.

Kenneth L. Phillips
CCTU Legislative Affairs Chairman
Citibank, N.A.
399 Park Avenue, 21st Floor
New York, NY 10043

Great Lakes United

STATEMENT OF DAVID MILLER
EXECUTIVE DIRECTOR
GREAT LAKES UNITED
FOR THE RECORD OF THE
HOUSE APPROPRIATIONS SUBCOMMITTEE ON
COMMERCE, JUSTICE, STATE, THE JUDICIARY AND RELATED AGENCIES
APRIL 7, 1986

Great Lakes United, an international coalition of environmental, sportsmen, union, governmental and small business interests throughout the eight Great Lakes states and two Canadian provinces, views the Great Lakes-St. Lawrence River system as a complete ecosystem with environmental, social and economic benefits to us all.

In 1978, the governments of the United States and Canada set forth goals and objectives to properly manage this fragile and productive resource. In order to fulfill these objectives, a federal commitment must be made to promote comprehensive research, management plans and implementation programs to ensure the long-term vitality of the Great Lakes-St. Lawrence system.

The International Water Quality Agreement is due for review in early 1987 after the International Joint Commission releases its 3rd Biennial Report, making the functions of Great Lakes research institutions more critical. The International Joint Commission, the U.S. General Accounting Office and National Research Council has criticized proposed cuts in Great Lakes research programs as short-sighted and inconsistent of the goals and objectives of the Agreement.

This investment, even in the dawn of Gramm-Rudman, is mandatory for the future environmental, social and economic growth of the region.

Unfortunately, the federal government has continued to cut back on essential research and management programs since 1981. If we, as stewards of the Great Lakes and promoters of its economic revitalization, do not move forward in adequately funding these key institutions and other related programs then our common objective will never be reached. Below is a listing of institutional and program funding for 1987 to put the Great Lakes-St. Lawrence system back in line with the goals of our international agreements.

"An international organization dedicated to conserving and protecting the Great Lakes and St. Lawrence River"

24 Agassiz Circle, Buffalo, New York 14214 (716) 886-0142

- The reinstatement of the U.S. Environmental Protection Agency's Large Lakes Research Station funding to 1981 actual budget level equaling $2.6 million for FY-1987;

- The reinstatement of the National Oceanic Atmospheric Administration's Great Lakes Environmental Research Laboratory funding to 1981 actual budget level equaling $4.2 million for FY-1987;

- The reinstatement of the Sea Grant Program funding to 1981 actual level equaling $7 million for FY-1987. (It is important to note that Illinois and Indiana did not have Sea Grant Programs in 1981 which now exist);

- Increasing the U.S. Fish and Wildlife's Great Lakes Fishery Laboratory to $3.4 million to cover needed fish sampling programs under the International Water Quality Agreement.

- Maintain existing programs in Soil Conservation Service and continue funding at least at FY-1986 level. The funding of the Conservation Reserve should be an additional appropriation to the existing Soil Conservation Service Programs, not a replacement.

- Maintain FY-1986 funding levels for the E.P.A. Great Lakes National Program Office for current projects equaling $4.9 million. In addition, increase the E.P.A.'s Great Lakes National Program Office and N.O.A.A. Great Lakes Program Budget to incorporate the needed appropriations outlined in the Great Lakes Amendment to the Clean Water Act.

Great Lakes United urges you to make the budgetary investment today, for the future of the Great Lakes region depends on it.

NATIONAL COUNCIL OF
LA RAZA
Raúl Yzaguirre, President

National Office
Twenty F Street, N.W.
Second Floor
Washington, D.C. 20001
(202) 628-9600

April 11, 1986

Honorable Neil Smith, Chairman
Subcommittee on Commerce, Justice,
State, and Judiciary
Committee on Appropriations
U.S. House of Representatives
Room H-309, Capitol Building
Washington, D.C. 20515

Dear Chairman Smith:

I am writing to thank you for the opportunity to testify before the Subcommittee on a matter of great importance to the National Council of La Raza: The Immigration and Naturalization Service's Systematic Alien Verification for Entitlements (SAVE) Program. We believe that the purpose of SAVE is sound, but believe that serious problems with current operations must be resolved before further expansion of the program occurs.

The Immigration and Naturalization Service (INS) has requested, in its proposed FY 1987 budget, an additional $1 million -- the agency's only funding increase -- to implement SAVE in additional 20 states. In justifying this request, the INS contends that SAVE will effect major cost avoidances at little cost to federal, state, or local governments.

The National Council of La Raza believes that all current information related to the SAVE system undermines the INS' rationale for increased funding of SAVE. We urge the Subcommittee to consider the following facts:

- INS data bases are inadequate. Officials within the Service have stated that perhaps 30 percent of legal aliens who should be in the automated file system are either not there or have been entered incorrectly.
- SAVE does not appear to be cost effective. States such as Colorado, operating SAVE in all major entitlement programs, have actually saved very little money through SAVE.

Program Offices — Phoenix, Arizona – Edinburg, Texas – Los Angeles, California
LA RAZA: The Hispanic People of the New World

Honorable Neil Smith
April 11, 1986
Page Two

- Many states included in the INS targeted implementation list have expressed serious reservations about the system. New York and Washington, for example, have decided against participation in SAVE, basing their decisions on careful analysis of the system.

- SAVE prototype systems have damaged innocent individuals. For a number of reasons, INS verification initiatives have deterred eligible aliens from receiving benefits to which they are legally entitled.

On the whole, recent evidence suggests that SAVE is not cost-effective, and that it has serious negative impact on legal immigrant communities.

The National Council strongly recommends that the Subcommittee eliminate SAVE funding or, at a minimum, that it freeze SAVE operations at current levels. We believe that the concerns expressed in our testimony must be fully explored before further expansion occurs. We suggest that, to the extent the Subcommittee grants funding increases to the INS, those increases be used to complete the INS automated data system and increase its accuracy.

Several documents are attached which substantiate arguments made in our testimony. We respectfully request that these be included in the hearing record.

Thank you for your attention to our concerns in this matter.

Sincerely,

Raul Yzaguirre
President

NATIONAL COUNCIL OF
LA RAZA
Raúl Yzaguirre, President

National Office
Twenty F Street, N.W.
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MEMORANDUM

TO : Interested Parties
FROM : Charles Kamasaki and Dan Purtell
SUBJ : INS SAVE Program — The Question of Nationwide Adoption
DATE : November 20, 1985

I. SUMMARY

During mark-up of the Immigration Control and Legalization Amendments Act of 1985 (H.R. 3080), the House Immigration Subcommittee adopted an amendment which mandates nationwide implementation of the Systematic Alien Verification for Entitlements (SAVE) Program. SAVE, an Immigration and Naturalization Service (INS) enforcement initiative, is designed to determine the eligibility of noncitizen applicants for entitlement programs through computer checks of INS automated file systems. The House amendment would require use of SAVE in all major entitlement programs, including housing and higher education assistance. While the objectives of the program appear sound, initial reports from the General Accounting Office (GAO), state and local personnel, and legal analysts show that data "gaps" and other problems inherent in the current SAVE system have led to wrongful denial of benefits, and pose due process, public health, and other serious concerns. Nationwide adoption of SAVE now, for these reasons, would be dangerously premature.

II. BACKGROUND

The INS has developed a three-pronged strategy to control undocumented immigration. Traditional border patrol and interior control operations are the first two prongs; SAVE, designed to "squeeze out" those undocumented immigrants denied employment opportunities, is the third.

The SAVE Program allows state and local agencies access to INS computerized file systems for the purpose of verifying noncitizen applicants' eligibility for Unemployment Compensation, Aid for Families with Dependent Children (AFDC), Food Stamps, and other entitlement programs. Under SAVE, applicants who are shown to be illegally in the country or whose Alien Identification ("A") numbers do not appear on INS records are referred to the INS for "status verification." In some cases, referred aliens are denied payments until proven eligible; in others, "presumptive release" of benefits is granted until ineligibility is established.

Commissioner Nelson has actively sought SAVE agreements with state and local governments over the past year, with limited success.[1] SAVE now operates on a limited basis in California, Illinois, and Colorado, and pilot programs are under way in Houston, Miami, and New York. The INS claims that SAVE has brought about major cost avoidances in the three states using the program. INS Commissioner Alan Nelson said early this year that nationwide implementation of SAVE could avoid almost $11 billion in fradulent public assistance payments annually.

Although SAVE is a completely new, largely untested program, it now appears possible that Congress will mandate its use in entitlement agencies throughout the country -- an unprecedented occurrence in immigration enforcement policy.[2] This memorandum briefly analyzes the SAVE Program's utility and appropriateness as a national enforcement initiative.

III. ANALYSIS

A. Estimated Use of Public Assistance by Undocumented Immigrants

INS cost-avoidance estimates assume that ineligible aliens participate in all entitlement programs at rates equal to their proportion of the entire U.S. population. Using estimates of six million undocumented immigrants among a total population of 240 million, the INS concludes that 2.5 percent of applicants for entitlements are ineligible aliens -- hence the $11 billion estimate of potential cost avoidance, or 2.5 percent of $428 billion in total entitlement outlays. If, as INS estimates suggest, six million undocumented aliens account for approximately $11 billion in payments annually, and if, as the agency's California pilot program analysis assumes, the average ineligible alien applicant claims $3,000 in annual benefits, then 3.57 million undocumented aliens make substantial use of several public assistance programs each year. This would mean that 60 percent of the INS' estimated undocumented population were receiving entitlements.

Findings of almost all studies of the use of public assistance by legal and illegal immigrants contrast sharply with these estimated participation rates. David North of the New TransCentury Foundation, Sydney Weintraub of the University of Texas, economists at the Urban Institute, and others estimate participation rates by undocumented persons in welfare programs ranging from below five percent to approximately 18 percent.[3] In addition, most recent, credible studies estimate an undocumented population substantially smaller than that assumed by the INS. Agency use of these assumptions, and inflated cost avoidance estimates, is misleading, and is of special concern because these estimates are used to justify mandatory, nationwide implementation of the SAVE Program. On close examination, these claims appear to be mistaken.

B. Integrity of INS Automated File Systems

SAVE is an information-sharing program with a very important function and may have a significant impact on millions of individuals. It determines whether persons will or will not receive entitlement assistance. The fairness and effectiveness of SAVE depend upon the integrity of INS automated file systems; a legal resident alien who applies for Food Stamps, for example, must have an "A" number on file in the INS' computer system. Overwhelming evidence exposes three crucial problems with the system's accuracy and completeness:

- Experts inside the INS have reported vast gaps in the Service's computerized data bases. A National Academy of Sciences study cited one INS official who "estimated that up to 30 percent of the files that should be in the system are either missing or have been entered incorrectly."[5] The chief of INS Records Operations has stated that 6.2 million records have not been entered into the central index system, and that this backlog is increasing.[6]

- While the INS has said that "all aliens in contact with INS are issued A numbers,"[7] Florida Department of Labor officials were told this year by the INS that only Permanent Resident Aliens (PRAs) were covered in the local automated file system. Conditional entrants, asylees, parolees, and other types of eligible aliens were reportedly not included.[8]

- A significant number of aliens with Permanent Resident Under Color of Law (PRUCOL) status are eligible for certain entitlement programs.[9] These aliens are not "verifiable" through the SAVE Program.

As a result of these system limitations, millions of aliens in the country who are entitled to those public assistance programs targeted by the INS are not now "verifiable" through SAVE.

SAVE contains another basic flaw. Since applicants who indicate citizen status are not subject to verification,[10] the program would allow those intent on fraudulently receiving benefits to do so easily.

C. Damaging Effects of SAVE Program Flaws

Data problems inherent in the SAVE Program as it now operates may jeopardize individuals and state and local agencies in distinct, serious ways.

Individuals: In a number of documented cases, SAVE prototypes have deterred eligible aliens from collecting benefits. As explained earlier, aliens whose "A" numbers do not appear in INS computer checks are referred to an INS District Office for status verification. Most aliens referred to the INS do not go to the INS, and are denied benefits.[11] The INS has continually asserted that all aliens denied benefits in this way are undocumented and therefore ineligible.[12]

However, aliens whose numbers do not appear during computer checks, but who are legally entitled to benefits, are apparently reluctant to report to the INS District Office for status verification. In this way, SAVE acts as a substantial deterrent to aliens' lawful use of public assistance. While it is not clear exactly why referred eligible aliens do not appear at INS,[13] it is certain that deterrence has occurred, resulting in wrongful denial of benefits. For example:

- An early General Accounting Office audit of Los Angeles' SAVE-prototype system found that "out of total of 136 aliens who were denied...benefits after a search by INS of local records in California, 50 were later determined...to be legal, five illegal, and 81 with no record...."[14]

- A review of SAVE operations in Chicago revealed that, out of 600 cases where referred aliens did not appear at the INS District Office, 62 were in fact legally eligible for benefits.[15]

These and other cases of wrongful denial raise substantial due process questions related to SAVE Program inadequacies.[16] There are other, indirect risks to individuals. To the extent that deterrence reduces participation in health care and immunization programs, for instance, SAVE poses potential public health risks.

State and Local Governments: Deterrence related to SAVE not only threatens individuals' health and welfare; litigation pursuant to wrongful denial of benefits may generate substantial unexpected costs for those agencies or governmental units actually denying payment. An analysis completed by State of Texas personnel concluded that the "INS is clear that their role is to provide the information [and], consequently, if the State denies the benefit,...the State assumes the liability...."[17] Already, litigation related to wrongful denial of benefits is under way in California, Illinois, Colorado, Texas, and Florida, and in federal court.[18]

These potential problems have led state and local officials, asked by the INS to cooperate in the SAVE Program, to delay adoption. In a recent letter to INS Commissioner Nelson, Texas Governor Mark White said:

> ...[W]e are not at this time able to adequately answer a number of outstanding problems. The Texas Department of Human Resources, which administers these [entitlement] programs, has valid concerns regarding legal precedents, federal eligibility requirements and the impact of our error rates.[19]

Other large states, such as New York and Florida, have expressed similar reservations, and several counties in Wisconsin have refused to cooperate in the SAVE Program.[20]

IV. CONCLUSIONS

SAVE as currently operated does not meet basic tests of sound public policy. The welfare fraud problem addressed by the system, though not fully understood by anyone, is demonstrably less serious than the INS has claimed. Gaps in data bases render the SAVE system fundamentally ineffective; while those who want to defraud the government can do so simply by claiming citizenship, a significant number of aliens legally entitled to benefits are deterred from receiving them. There are other serious concerns, unexplored in this brief analysis, which center on the effect of SAVE on individuals' rights to privacy.[21]

The National Council of La Raza considers the theoretical objectives of the SAVE Program reasonable. Yet the concerns listed above warrant further investigation. The House Judiciary Committee will soon reconsider nationwide implementation of SAVE through an amendment to H.R. 3080. The National Council strongly feels that nationwide implementation now would be dangerously premature, and recommends that results of pilot programs now under way be carefully examined, and that Congressional proposals to expand SAVE receive proper consideration by appropriate committees, before full House action is taken. For more information on the SAVE Program, please contact Charles Kamasaki or Dan Purtell at (202) 628-9600.

ENDNOTES

1 Although INS Commissioner Alan Nelson has approached state and local officials in the Southwest, Florida, the Midwest, and New England, very few agreements have been reached.

2 Alien verification systems like SAVE rely on INS computerized data bases, which until the late 1970s were virtually nonexistent. The INS has in the past not had -- and, arguably, does not now have -- the capacity to supply instant alien information on a nationwide basis.

3 David S. North and Marion F. Houstoun, "The Characteristics and Role of Illegal Aliens in the U.S. Labor Market: An Exploratory Study," 1976; Sidney Weintraub and Gilberto Cardenas, "The Use of Public Services by Undocumented Aliens in Texas: A Study of State Costs and Revenues, 1984; Thomas Muller, *The Fourth Wave: A Summary*, 1983, Marta Tienda and Leif Jensen, "Immigration and Public Assistance Participation: Dispelling the Myth of Dependency, 1985.

4 *See*, for example, National Academy of Sciences, *Immigration Statistics, A Story of Neglect*, 1985, which concludes that:

> [A] population of 1.5 to 3.5 million illegal aliens in 1980 appears reasonably consistent with most of the studies...; the only data available on recent trends...suggest that the population has increased little if at all since 1977.

See also, Jeffrey S. Passel, "Undocumented Immigrants: How Many?", U.S. Bureau of the Census, August 1985. Passel concludes that:

> The studies reviewed here and the synthesis involving new data point very strongly to a range of 2.5 to 3.5 million undocumented aliens as the best figure for 1980.

5 National Academy of Sciences, ibid.

6 Declaration of Harvey M. Keister, Jr., in *Perez-Funez* v. *Immigration and Naturalization Service*, March 25, 1985.

7 Answers to questions submitted to the INS in Senate Oversight Hearings, March, 1985.

8 State of Texas, undated Governor's staff memorandum.

9 The Social Security Administration (SSA) has issued a policy directive defining 16 categories of Permanent Resident Under Color of Law (PRUCOL) aliens.

10 Unpublished INS report on SAVE operations, 1985.

11 Unpublished INS report on SAVE operations, 1985, state that "90 percent of the called-in aliens fail to appear and are denied."

ENDNOTES

12 Unpublished INS reports, 1985.

13 Some eligible aliens are undoubtedly deterred from pursuing benefits because they live in "mixed" households with both documented and undocumented persons, and fear interaction with INS. This would be especially important where U.S.-citizen children reside with undocumented parents. Others may mistakenly believe that, because their "A numbers" are not in the computer system, something must be wrong with their immigration status.

14 Letter from C.L. Forbes, Regional Manager, General Accounting Office to House Subcommittee on Government Information and Individual Rights, November 7, 1979.

15 Mexican American Legal Defense Fund, memorandum on SAVE-related litigation, February 27, 1985.

16 Mexican American Legal Defense and Educational Fund, Memorandum on the SAVE Program, November 18, 1985.

17 State of Texas, undated Governor's staff memorandum.

18 Ibid.

19 Letter from Mark White, Governor of Texas, to Alan C. Nelson, Commissioner, Immigration and Naturalization Service, August 9, 1985.

20 Federation for American Immigration Reform, "Immigration Report," October, 1985.

21 The SAVE Program is dependent on large-scale "computer matching" operations. Questions regarding what types of information are released through the verification process, to whom, and on what statutory basis have raised concerns of civil liberties organizations, and remain largely unresolved.

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Attorneys for Defendants

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

JOSE ANTONIO PEREZ-FUNEZ, et al., Plaintiffs, v. IMMIGRATION AND NATURALIZATION SERVICE, et al., Defendants.	NO. CV 81-1457-ER DATE: March 25, 1985 TIME: 2:30 p.m.

DECLARATION OF HARLIN M. KEISTER, JR. IN SUPPORT OF DEFENDANTS' MOTION TO RECONSIDER ORDER TO RESPOND TO PLAINTIFFS' REQUEST FOR RESPONSE TO INTERROGATORY NUMBER SEVEN

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

JOSE ANTONIO PEREZ-FUNEZ, ET AL., Plaintiffs, v. IMMIGRATION AND NATURALIZATION SERVICE, ET AL. Defendants.	C.A. NOS. 81-1457 ER and 81-1932 ER

DECLARATION OF HARLIN M. KEISTER, JR.

I, HARLIN M. KEISTER, declare and say:

1. My name is Harlin M. Keister, Jr. and I am Chief of the Index System Section, within the Office of Information Systems, Immigration and Naturalization Service (INS), Central Office, 425 I Street, N.W., Washington, D.C. 20536. I have been an employee of INS for 6 years.

2. In my capacity as Chief of the Index Systems Section I am thoroughly knowledgeable about the MIRAC computer system.

3. MIRAC is programmed to retrieve individual files after an A number, or name and date of birth has been entered onto the

system. The current program will not permit the user to enter the dates 1967 and up and then receive instructions to search for apprehensions within a set time frame.

4. In order for MIRAC to accomplish a search of this type the program would have to be modified. It would cost approximately $4,500 to modify the program in-house, to monitor the program's execution, and computer resource expenses. It would cost approximately $9,000 if the Government were to hire a contractor for this purpose. Additionally, it is estimated that it would take approximately 1 month to modify the program in-house and produce the requested statistics. It would take much longer than a month for a contractor to produce the statistics.

5. Even if the Government were to modify the program to retrieve this type of information, the data generated by such would be erroneous and misleading. William J. Polli, Chief, Records Operations Section, Records Management Branch, INS, has informed me that there are currently 6.2 million records that have not been entered into the system. This backlog has been increasing steadily since 1979. Even with his personnel attempting to key in the current information, along with a small amount of the backlog, they are unable to keep pace with the current records which are received at a rate of approximately 1.4 million per year. Therefore, even if the program were modified, there is no time frame which contains complete records and any search would yield inaccurate statistics.

I declare and swear under the penalty of perjury that the foregoing is true and correct.

Harlin M. Keister Jr.
HARLIN M. KEISTER, JR.
Chief, Index System Section

DATED: March 18, 1985

CERTIFICATE OF SERVICE BY MAIL

I, LYDIA D. EDINBOROUGH, declare:

That I am a citizen of the United States and resident or employed in Los Angeles County, California; that my business address is Office of United States Attorney, United States Courthouse, 312 North Spring Street, Los Angeles, California 90012; that I am over the age of eighteen years, and am not a party to the above-entitled action;

That I am employed by the United States Attorney for the Central District of California who is a member of the Bar of the United States District Court for the Central District of California, at whose direction the service by mail described in this Certificate was made; that on March 25, 1985, I deposited in the United States mails in the United States Courthouse at 312 North Spring St., Los Angeles, California, in the above-entitled action, in an envelope bearing the requisite postage, a copy of DECLARATION OF HARLIN M. KEISTER, JR. IN SUPPORT OF DEFENDANTS' MOTION TO RECONSIDER ORDER TO RESPOND TO PLAINTIFFS' REQUEST FOR RESPONSE TO INTERROGATORY NUMBER SEVEN

addressed to SEE ATTACHED SHEET

at their last known address, at which place there is a delivery service by United States mail.

This Certificate is executed on March 25, 1985 at Los Angeles, California.

I certify under penalty of perjury that the foregoing is true and correct.

LYDIA D. EDINBOROUGH

USA-12c-240
(Rev. 1/3/77)

DOJ

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State of Colorado

DEPARTMENT OF SOCIAL SERVICES

1575 SHERMAN STREET
DENVER, COLORADO 80203

RICHARD D. LAMM
GOVERNOR

GEORGE S. GOLDSTEIN, Ph D
Executive Director

December 17, 1985

James Hardin, Director
Immigration and Naturalization
  Service
1961 Stout Street, Room 1787
Denver, Colorado 80294

Dear Jim ~~Mr. Hardin~~:

Attached please find statistical reports for the Alien Status Verification Project for 1985. The first page is inclusive of all programs, with the last three pages broken down by program. You will note that there are many unknowns in the program breakdowns, this is due to the fact that we don't know which program the alien is applying for when we input the alien numbers. We receive program information only when the counties report action back to us.

Please be aware that I will continue to use this reporting format until I receive standardized reporting requirements from your office.

Please feel free to call me should you have any questions. My new telephone number is 294-5976.

Respectfully,

Tess Tenbus

Tess Tenbus, Staff Assistant
Income & Support Services Division

(303)-294-5976

cc: Governor Richard D. Lamm
Don Holm, Office of the Governor
Ruben Valdez, CDSS
Ceil Holmes, CDSS
George Kawamura, CDSS
Ken Muroya, CDSS
Rita Barreras, CDSS
Paula Gonzalez, CDSS
Gwen Collins, OFA
Allen Nichols, FNS
Randy Francom, Washington DSS
Floyd Brown, Utah DSS

1985 Alien Status Verification Report

All Programs (AFDC, Food Stamps, OAP/AND)

Month	Number of Cases Input	Hits		Number of Hits Resulting in Reduced or Discontinued Benefits	Actual Savings	Projected Savings*
		Number	Percent of Cases Input			
January	n/a	-0-	--	-0-	-0-	-0-
February	578	34	6%	Unknown	Unknown	Unknown
March	73	12	16%	Unknown	Unknown	Unknown
April	157	10	6%	3	$346	$2,076
May	283	24	8%	Unknown	Unknown	Unknown
June	-0-	-0-	--	-0-	-0-	-0-
July	433	55	13%	3	$796	$8,245
August	375	66	18%	3	$496	$2,976
Sept.	79	36	46%	6	$1,214	$16,270
October	161	1	1%	2	$540	$3,240
November	-0-	-0-	--	-0-	-0-	-0-
December	-0-	-0-	--	-0-	-0-	-0-
TOTAL	2,139	238	11%	17	$3,046	$32,807

* Projected savings by Average Length of Stay: AFDC 16.8 months; Food Stamps 6 months; AND 9.5 months; OAP (aged 65-80) 15 years.

1985 Alien Status Verification Report

Aid to Families with Dependent Children (AFDC) Program

Month	Number of Hits Resulting in Reduced or Discontinued Benefits	Actual Savings	Projected Savings by Average Length of Stay (16.8 months)
January	n/a	n/a	n/a
February	Unknown *	Unknown	Unknown
March	Unknown *	Unknown	Unknown
April	Unknown *	Unknown	Unknown
May	Unknown *	Unknown	Unknown
June	-0-	-0-	-0-
July	1	$117	$1,966
August	Unknown *	Unknown	Unknown
September	2	$832 (1 case $208, 1 case $634)	$13,978
October	Unknown *	Unknown	Unknown
November	Unknown *	Unknown	Unknown
December	Unknown *	Unknown	Unknown
TOTAL	3	$949	$15,944

* Unable to break down hits by program, as county requests do not list what program alien is applying for.

1985 Alien Status Verification Report

Food Stamp Program

Month	Number of Hits Resulting in Reduced or Discontinued Benefits	Actual Savings	Projected Savings by Average Length of Stay (6 months)
January	n/a	n/a	n/a
February	Unknown *	Unknown	Unknown
March	Unknown *	Unknown	Unknown
April	3	$346	$2,976
May	Unknown *	Unknown	Unknown
June	-0-	-0-	-0-
July	1	$49	$294
August	3	$496 (2 cases $79, 1 case $338)	$2,976
September	4	$382 (3 cases $79, 1 case $145)	$2,292
October	2	$540 (1 case $79, 1 case $461)	$3,240
November	Unknown *	Unknown	Unknown
December	Unknown *	Unknown	Unknown
TOTAL	13	$1,813	$10,878

* Unable to break down hits by program, as county requests do not list what program alien is applying for.

1985 Alien Status Verification Report

Aid to Needy Disabled (AND)/Old Age Pension (OAP) Programs

Month	Number of Hits Resulting in Reduced or Discontinued Benefits	Actual Savings	Projected Savings by Average Length of Stay (AND 9.5 mo, OAP 15 yr)
January	n/a	n/a	n/a
February	Unknown *	Unknown	Unknown
March	Unknown *	Unknown	Unknown
April	Unknown *	Unknown	Unknown
May	Unknown *	Unknown	Unknown
June	-0-	-0-	-0-
July	1	$630	$5,985
August	Unknown *	Unknown	Unknown
September	Unknown *	Unknown	Unknown
October	Unknown *	Unknown	Unknown
November	Unknown *	Unknown	Unknown
December	Unknown *	Unknown	Unknown
TOTAL	1	$630	$5,985

* Unable to break down hits by program, as county requests do not list what program alien is applying for.

INS aide's claims of alien-screening savings 'padded'

By J.F. TORREY 3/22/86
Arizona Republic Staff

Some claims by a senior immigration official that millions of dollars had been saved by a federal program designed to keep illegal aliens from receiving government aid were "highly padded," officials in California and Colorado said Friday.

On Wednesday, Harold Ezell, Western regional director of the Immigration and Naturalization Service, said Arizona could expect to save $7 million to $10 million on social services by using an INS system to screen applicants.

Some of Ezell's other comments at his news conference have generated calls for his resignation from Arizona politicians, who said his remarks were racist.

In touting the screening program, Ezell said he based his savings estimate on the experience of other states, which, he claimed, had saved millions of dollars by using SAVE, or Systematic Alien Verification for Entitlement.

The official estimated that Arizona could save $7 million to $10 million by spending $78,000 to pay for computers tied into those at the INS. Social workers would check the immigration status of applicants who admitted they were not citizens or who aroused the social workers' suspicions.

Ezell claimed that Colorado saved $2.5 million and that California saved more than $78 million through the program.

But a Colorado official said participation in the program ended up costing the state money in at least three social services, and an official for one of California's largest counties said savings attributed to social services there are not true, because the county does not participate in the INS program.

An Ezell aide, John Belluardo, said he inflated the alleged savings for Colorado by nearly $400,000 by rounding $2,129,813 up to $2.5 million.

At first, Belluardo attributed the discrepancy to "rounding," but then he said, "I assumed there were probably other savings in Colorado that would not be reported to the Denver (INS) office."

Belluardo, who conceded that many of the figures were "projections" of savings, said he made up for the discrepancy in Colorado's figures by "rounding California downward from $78,436,000, to $78 million."

Ezell also said Wednesday that the Los Angeles INS office was responsible for saving $47 million.

But Carol Matsui, special assistant to the director of Los Angeles County Social Services, said Friday, "We are not a part of the SAVE program in Los Angeles County."

She added, "I don't know where those figures would come from, and I don't know what they represent. I don't know what they would mean."

Informed of Ezell's statements, Matsui said, "I don't know if you'd call it savings. It might be a deterrent figure, where a person was prevented from getting aided."

Belluardo said the INS figures for Los Angeles were drawn from "five or six counties." Informed that Los Angeles County, population 7,477,421, was not on the program, Belluardo said, "Well, the savings must have come from the other counties."

Belluardo did not know which counties were involved.

But Paul Fast, research director of Los Angeles County, said the entire state began requiring proof of legal residency in the early to mid-1970's.

"I think INS is counting all of their cooperative efforts in SAVE," Fast said.

The SAVE program began in 1983.

In Colorado, Tess Tenbus, staff assistant for the income and support-services division of the state Social Services Department, was able to provide exact figures for her agency's experience with SAVE.

According to Tenbus, SAVE cost $10,500 a year, not including staff time, to screen applicants for Aid to Families with Dependent Children, food stamps and the Disabled and Old Age Pension program, a general-assistance category.

When SAVE was implemented, INS officials estimated it would save those three programs $750,000 a year, Tenbus said.

"Our actual savings for all of fiscal 1985 were $3,046," Tenbus said.

"Oops, it looks like we lost money," she added. "Don't put that in the paper. If Governor (Richard) Lamm saw that, I'd be looking for a job. He's a big supporter of SAVE."

Tenbus said the program kept 17 people from receiving benefits from AFDC, food stamps or general assistance.

"The projected savings, which would be the amount they would have been entitled to for the average length of stay, were $32,807," Tenbus said.

Informed of Ezell's projected savings for Arizona, Tenbus said, "Well, they have an interest in selling that program, so they pad their figures, but that's really heavy padding."

The 17 ineligible recipients were culled from a total of 174,000 applicants, Tenbus said. Only those applicants who could not produce evidence of legal status were processed through SAVE, she said.

Don Peitersen of the Colorado unemployment-insurance program said 163 workers were denied unemployment compensation under the SAVE program, resulting in a savings of $306,000.

"Those figures are a little inflated," Peitersen said, "because they assume every applicant would have been entitled to the maximum amount of benefits for the maximum amount of time."

Coloradans collected $169 million in unemployment benefits in 1985, he said.

Meanwhile, the controversy surrounding Ezell's comments Wednesday continued to build.

In his remarks, Ezell suggested that immigration checks be run on welfare applicants who appear to have trouble understanding English.

"Believe me," Ezell told reporters, "if there's someone who doesn't know how to communicate in the national language of this country, then they need to be checked out."

A majority of the state Senate, in a letter to U.S. Sen. Barry Goldwater, R-Ariz., called Friday for Ezell's ouster.

The leading Republican candidate for governor, House Majority Leader Burton Barr of Phoenix, also denounced Ezell.

"I just think Mr. Ezell has no business having that job under any circumstances," he said.

The two leading Democratic candidates made similar calls Thursday after Senate Minority Leader Alfredo Gutierrez, D-Phoenix, accused Ezell of "pandering to the worst possible racism" in statements about illegal aliens.

Gov. Bruce Babbitt suggested Ezell seek psychiatric help.

INS officials in Washington have declined comment.

Ezell could not be reached for comment Friday, but Belluardo said criticism of Ezell by Arizona officials is "paranoia on the part of a select few whose remarks are politically motivated."

Rep. Earl Wilcox, D-Phoenix, said House Democrats plan to call for all members of the Arizona congressional delegation to disavow themselves from Ezell or "face the political consequences."

"It's blatant racism," Wilcox said of Ezell's remarks. "This man is a sick individual, and he's a top Reagan appointee."

Tom Dunleavy, an aide to Goldwater, said he did not know whether the senator had heard about the letter from the state Senate.

Dunleavy praised Ezell for being "dedicated" and "very cooperative."

Republic staffer Martin Van Der Werf contributed to this article.

STATE OF WASHINGTON
EMPLOYMENT SECURITY DEPARTMENT

February 24, 1986

The Honorable Rod Chandler
United States House of Representatives
Cannon House Office Building, Room 216
Washington, D.C. 20515

Dear Congressman Chandler:

The purpose of this letter is to alert you to the potential negative impact of H.R. 3810 on the state of Washington's Unemployment Insurance program. The House Judiciary's Subcommittee on Immigration, Refugees and International Law has adopted H.R. 3810 which would require a number of state-administered programs, including unemployment insurance, to participate in an alien status verification system designed by the Immigration and Naturalization Service (INS). Although no date has yet been scheduled, it is likely that the full Judiciary Committee will take up the bill this month.

The bill would require this department to do an eligibility check with INS on every person who applies for unemployment compensation who voluntarily identifies himself/herself as an alien. According to the bill, this verification would be done through an "automated or other system" designated by the INS. This language is said to mean "Project S.A.V.E." (Systematic Alien Verification for Entitlements).

I, and I am certain that you also, share the federal government's concern that unemployment insurance benefits not be provided to ineligible applicants. However, based on my department's experience with the Project S.A.V.E. concept, I am compelled to point out that there are significant problems with the timeliness and completeness of INS' available information and that the costs of the system appear to far outweigh the benefits. Until such time as the INS' computerized system is further refined and fully evaluated, mandatory implementation in all states may prove to be counter-productive and not cost effective. In addition, Project S.A.V.E. has already sparked the interest of several constituent advocacy groups across Washington State. It is likely that it will generate legal challenges nationwide which could prevent the future implementation of a more acceptable system.

Some of the specific problems my department has already identified with Project S.A.V.E. are:

- INS records are incomplete regarding the eligibility status of certain immigrants who may be otherwise eligible for benefits but who would be denied benefits if we were to soley rely on INS files.

- INS files are not timely or complete. On March 25, 1985, in the U.S. District Court of California in the matter of Jose Antonio Perez-Funes, et al. versus Immigration and Naturalization Service, et al., Mr. Harlin M. Keister, Jr., from INS made a most interesting declaration. Mr. Keister, as Chief of the Index System Section, within the Office of Information Systems, INS in Washington, D.C., declared: "...There are currently 6.2 million records that have not been entered into the system. This backlog has been increasing steadily since 1979....(staff) are unable to keep pace with the current records which are received at a rate of approximately 1.4 million per year..."

- H.R. 3810 addresses administrative funding for the system by amending Title III of the Social Security Act to provide for states to be reimbursed for 90 percent of the non-labor costs of implementing the verification system. The Interstate Conference of Employment Security Agencies, Inc. recently pointed out: "...Obviously, the major costs of the program would be staff, not equipment. Therefore, this bill would require states to participate but doesn't guarantee funding for the bulk of the cost of running the system..."

- Current INS savings estimates for the UI program, were Project S.A.V.E. to be implemented, are unrealistic and inaccurate. Those estimates are based on the assumption that all denied U.I. applicants are eligible for the maximum unemployment insurance benefit for the maximum period and that none of the denied applicants would have been identified by existing verification procedures. In the Washington State Employment Security Department, we already have policies and procedures in place to verify an alien's eligibility for benefits which also include verification with INS on an individual alien case basis as necessary.

- Adoption of Project S.A.V.E. in Washington State may unnecessarily invade the privacy rights of aliens eligible for unemployment compensation.

- This department's primary function, which is to deliver services, may be compromised were INS to use any information on aliens generated by us for law enforcement purposes.

- Were Project S.A.V.E. to be implemented in Washington State, there is a very good chance that costly litigation would ensue. Washington State would have to bear the expense of those suits as well as the administrative costs of reprocessing applicants should the system not withstand judicial review. We would also be subject to litigation claiming that certain categories of applicants were being discriminated against as a result of selective verification procedures.

- Project S.A.V.E. does not appear to be cost effective. My Investigations Branch has been involved in a pilot study of Project S.A.V.E. since October 1985. Five of my Job Service Centers across the state, including one with a large migrant farmworker population, participated in the pilot study during the months of October, November and December 1985. The Job Service Centers notified my Investigations Branch of every new applicant for unemployment insurance benefits who voluntarily indicated that he/she was not a U.S. Citizen. A total of 679 aliens were in the study's population. Investigations cleared 59.4% of the aliens as eligible for benefits because INS records indicated they were eligible to work in the United States. Investigations also cleared 37.7% of the aliens as eligible for benefits because INS had either no records or unverifiable records on those aliens. Consequently, 97.1% of the aliens applying for benefits in the study were cleared on this eligibility issue. (There could be other eligibility issues during the claim to preclude the payment of benefits which would be routinely handled in the unemployment insurance system.) About 2.3% of the aliens in the study are currently under investigation and only 0.6% of the aliens were determined ineligible as of January 31, 1986. Through January 31, 1986, the cost (salaries and benefits only -- no travel or other costs) of my department's detection of $11,197 in benefits overpaid to those 0.6% aliens was $3,927. By the time we add the staff and automation expenses of setting up the overpayments and the collection costs involved, we will have spent more money than was paid out originally.

In addition, you need to be aware that there will be no direct offset in benefits saved because we are dealing with administrative costs (i.e., funding from the Department of Labor) versus overpayments established against the state of Washington's Unemployment Insurance Trust Fund. Also, the collectibility of such identified overpayments is highly doubtful due to the traditional transiency (voluntarily or involuntarily) of this client population.

I trust you agree our results prove that "Project S.A.V.E." is not a cost effective program.

It must also be pointed out that the cost of implementing Project S.A.V.E. will be about $30,000 per state. This estimate provides for a single terminal and related communications costs. It does not include the cost of personnel for operating the terminal nor does it reflect the fact that many states will require terminals in more than one location if the system is to work effectively. Nor does the estimate include the additional administrative costs of fruitless investigations of many aliens who are entitled to benefits.

Given the current economic environment and the impact of Gramm-Rudman-Hollings on the Unemployment Insurance System nationwide, I firmly believe that this is the time for Employment Security agencies to call a halt to those outside forces which do not allow us to fulfill our mission. The implementation of Project S.A.V.E. in Washington State would require me to divert funds from other more cost effective activities in my unemployment insurance program to pay for what can be, at best, described as a questionable and costly verification system. Let me assure you, however, that I continue to do everything in my power to ensure that benefits are paid to only those applicants who are truly eligible. I continue to be committed to reducing fraud, waste and abuse in any Employment Security program in Washington State.

I encourage you to express your views on behalf of Washington State to the House Judiciary Committee and to any other Congressional member who may be interested in this issue.

Please do not hesitate to contact me should you require any further information on this subject. You may also wish to confer with the National Governor's Association and the Interstate Conference of Employment Security Agencies, Inc. for their views on Project S.A.V.E.

Sincerely,

ISIAH TURNER
Commissioner

IT:rs

cc: Governor Gardner
Region X, Department of Labor
Seattle District, Immigration and Naturalization Services
Secretary, Department of Social and Health Services
Evergreen Legal Services
Interstate Conference of Employment Security Agencies, Inc.
National Governors' Association
(Same letter sent to attached list)

The Honorable John Miller
United States House of Representatives
Rayburn House Office Building, Room 2268
Washington, D.C. 20515

The Honorable Al Swift
United States House of Representatives
Longworth House Office Building, Room 1502
Washington, D.C. 20515

The Honorable Don Bonker
United States House of Representatives
Cannon House Office Building, Room 434
Washington, D.C. 20515

The Honorable Sid Morrison
United States House of Representatives
Cannon House Office Building, Room 208
Washington, D.C. 20515

The Honorable Thomas Foley
United States House of Representatives
Longworth House Office Building, Room 1201
Washington, D.C. 20515

The Honorable Norm Dicks
United States House of Representatives
Rayburn House Office Building, Room 2429
Washington, D.C. 20515

The Honorable Mike Lowry
United States House of Representatives
Longworth House Office Building, Room 2429
Washington, D.C. 20515

The Honorable Rod Chandler
United States House of Representatives
Cannon House Office Building, Room 216
Washington, D.C. 20515

STATE OF NEW YORK
DEPARTMENT OF LABOR
STATE OFFICE BUILDING CAMPUS
ALBANY, N.Y. 12240

LILLIAN ROBERTS
COMMISSIONER OF LABOR

February 7, 1986

Mr. William Heartwell
Interstate Conference of Employment
Security Agencies, Inc.
Suite 126
444 North Capitol Street, N.W.
Washington, D.C. 20001

Dear Mr. Heartwell:

The requirement for state unemployment insurance administrators to verify the alien status of claimants, included in the proposed Immigration Control and Legalization Amendments Act of 1985 (H.R. 3810) gives us great concern.

Recently New York State participated in a short demonstration project, in conjunction with the Immigration and Naturalization Service, in their so-called SAVE program. Although this project extended only thirteen weeks, the program produced only modest overpayments, but more important created considerable trauma and concern among claimants whose status was questioned and among staff who were required to administer the project.

The pilot project established that the data on the INS computer files is extremely unreliable. This led to unnecessary questioning of the status of many individuals admitted legally to this country under special programs, whose legal residence apparently is not recorded on the INS files. An underlying weakness of any mandated program to verify the status of aliens, of course, lies with the fact that the claimant himself indicates whether he is a citizen or non-citizen. If the claimant does not indicate that he is a non-citizen, no verification of his status is undertaken.

Below I share with you some of our findings and observations from the SAVE pilot project:

1. Of 12,238 cases sent to INS for verification during the three-month pilot project, only 1,374 were returned as potential problems.

2. There was no significant benefit for the Department of Labor to participate in the SAVE program. Of 12,238 claims filed by non-citizens during the test period, only 54 cases resulted in overpayments totalling $51,722.00. It should be noted for perspective that New York State paid over $1 billion in benefits last year.

3. The INS computer files in Washington are unreliable. Many individuals granted special status such as political refugees from Cuba, Hungary, Poland, etc. were not in the computer files. In addition, the files in Washington did not show records of some individuals admitted over 30 years ago. In nearly every instance the INS district office provided information opposite of that furnished by the INS in Washington.

4. There was a great deal of trauma created among aliens legally admitted to the United States when they were advised of the data reported by INS in Washington. Many claimants were frightened and became quite upset. This had a further unsettling effect on operations in the local office.

5. INS response to information was not timely. Some requests were answered almost immediately while others took three months.

Because of the above situation, we are not interested in continued involvement with the SAVE Project. The proposed requirement in H.R. 3810 will be an unnecessary burden on State Employment Security Agencies and we are opposed to the proposal. We feel what is unsaid in this whole proposal is that the claimant who is answering the citizenship question honestly is the one whose status is pursued. There is no way to check on or detect the dishonest alien who answers the citizenship question incorrectly. It is more than likely that the true illegal alien will not be honest in answering this question.

If ICESA is going to take a position on H.R. 3810, we hope you will consider the experience of New York State with SAVE.

Sincerely,

Lillian Roberts

Lillian Roberts
Commissioner of Labor

STATEMENT OF
HON. DON EDWARDS
CHAIRMAN, SUBCOMMITTEE ON
CIVIL AND CONSTITUTIONAL RIGHTS
COMMITTEE ON THE JUDICIARY
APRIL 10, 1986

Mr. Chairman, members of the Subcommittee, for over a year the Subcommittee on Civil and Constitutional Rights has been studying the nationwide problem of violence against abortion and family planning clinics and the federal law enforcement response to that violence. I appreciate this opportunity to share with you some of our findings.

In March and April of last year, the Subcommittee held three hearings. We received testimony from patients, an anti-abortion activist, clinic directors, a doctor, the Federal Bureau of Investigation, the Bureau of Alcohol, Tobacco and Firearms(BATF), the Justice Department, and a constitutional law expert. Since then we have met with representatives of abortion rights groups, BATF, and the Department of Justice and have continued to gather data on the situation.

We found that across the country, women's reproductive health clinics, which provide not only abortions but also birth control and family planning services, gynecological care, and pregnancy testing, are the subjects day in and day out of violence, harassment and intimidation. We also found that the federal response to this violence has been mixed.

The most notable incidents of violence have been the bombings and arsons. Statistics provided by BATF and current to this date show that, since 1982, forty-two clinics have been the targets of arson or bombing. Damage at some clinics has been in the hundreds of thousands of dollars. A fire set at the Women's Clinic in Mesquite, Texas resulted in the destruction of ten stores in a shopping center with total damages of $1.5 million and injuries to two firefighters.

The violence is not limited to bombings and arson. It includes other forms of harassment that may be equally effective in discouraging the exercise of constitutional rights. Women are accosted and assaulted as they enter clinics. Entrances to buildings are blocked. Clinics are invaded to disrupt activities and vandalized. Bomb threats cause the evacuation of clinics. Doctors and staff receive threatening and obscene phone calls at home. Clinics are flooded with hate mail and their phone lines are tied up with harassing calls. I have attached to my testimony statistical compilations of reported incidents.

The response of state and local authorities to this violence has varied widely. In many areas, clinic officials feel that the response has been inadequate as police have not responded promptly to calls for assistance and, when responding, have ignored violations of the law or even expressed sympathy with the demonstrators. Even when police have treated the violence seriously, their actions are often ineffective because the potential penalties under state law are minor and those who are arrested are back at the clinic the next day harassing patients and staff.

Because this violence threatens the exercise of constitutionally protected reproductive freedoms and because local remedies are limited, federal civil rights laws and federal jurisdiction are implicated. The adequacy of the federal law enforcement response is what prompted my request to offer this testimony.

At the outset, let me emphasize that the BATF, which has jurisdiction over the bombings and arsons, has responded vigorously and effectively. Despite severely limited resources and a broad range of other responsibilities, BATF has devoted a large percentage of its agents to these cases. The commitment has paid off. To date, 27 of the 42 incidents under investigation have been solved. In each of the cases, convictions have been obtained, and substantial prison sentences have been imposed.

The bombings, nonetheless, have continued. Moreover, last December they took a frightening turn when, for the first time, letter bombs were used. Previously, all of the bombings had taken place at night, when the targeted buildings were likely to be empty. This past December, however, police and postal officials intercepted bombs that were mailed to four Portland, Oregon area clinics. Almost by definition, letter bombs are anti-personnel devices, intended to kill or maim. The use of such bombs has brought the Postal Inspectors into the matter; they are working together with the BATF in the investigations. Both BATF and the

Postal Inspectors have assured us that the bombings and attempted bombings will remain a top investigative priority.

In contrast to the response to the bombings, the Justice Department and the FBI have refused to take action against the other forms of harassment -- the trespassing, clinic invasions, threatening phone calls, assault and battery -- which also deny women their reproductive freedoms.

Federal statutes make it a crime for any two persons to conspire to interfere with another person's enjoyment of constitutional rights. Enforcement jurisdiction for these criminal civil rights laws rests with the FBI, which can act, however, only upon the direction of the Justice Deppartment. While the Justice Department acknowledges that the right to an abortion or to family planning services is constitutionally protected, it has taken the position that such rights are protected only against state action. Accordingly, in the absence of state action, the FBI is taking no action against the harassment and intimidation.

We believe that this is an overly narrow interpretation of the law. In addition, we believe that there are other bases for federal jurisdiction, that do not require state action, including 18 U.S.C. §245. There is also a federal statute, 18 U.S.C. §844, making bomb threats, even false ones, federal crimes if transmitted by the mails or over the telephone. Any one or a combination of these statutes could provide the jurisdictional basis for federal prosecution of clinic violence, thereby sending an important message to those who resort to violence in an attempt to deny others their constitutional rights.

Mr. Chairman, in the year since our hearings, the violence has not abated. If anything, it has increased. While the question of abortion is one on which divergent views are strongly and conscientiously held, I hope that you and the other members of the Subcommittee will agree with me that violence can never be accepted in our society. As Chairman of the Subcommittee on Civil and Constitutional Rights, I am willing to go farther perhaps than most in defending First Amendment rights of picketing and other forms of non-violent protest. I am not willing, however, to tolerate violence, especially violence directed at persons exercising rights protected under the Constitution. I hope that you will join with me in urging the Department of Justice to seek ways to address abortion clinic violence in all its forms.

INCIDENTS OF REPORTED VIOLENCE TOWARD ABORTION PROVIDERS

TYPE OF VIOLENCE	1977-1981	1982	1983	1984	1985	As of April 8 1986
Picketing & Harassment (no. of clinics affected)	24	22	61	160	139	44
Hate Mail/Harassing Phone Calls (no. of clinics affected)	0	0	9	17	32	6
SPECIFIC ACTS OF VIOLENCE						
Bomb Threats *	0	7	10	42	75	15
Invasions	38	14	16	34	47	11
Vandalism	8	8	19	35	49	6
Death Threats	3	0	1	23	22	3
Assaults/Batteries	5	3	3	7	7	1
Burglaries	0	3	0	2	2	0
Kidnapping/Hostage-Taking	0	1	1	0	0	0
Attempted Arson/Bombings	3	1	1	6	6	0
Attempted Package Bomb	0	0	0	0	4	0
Arsons	9	4	0	6	8	1
Bombings	4	4	3	18	4	0
TOTALS	70	45	54	173	224	37

* 1985 figure for "Bomb Threats" represents the number of clinics affected.

Source: National Abortion Federation

SUMMARY OF VIOLENT ATTACKS AGAINST REPRODUCTIVE HEALTH CLINICS

Year	NATURE OF INCIDENT
1985	4 - Bombings
	8 - Arson
	10 - Attempted arson/bombings
	1 - Car firebombing
	66 - Bomb threats (represents number of clinics affected)
	15 - Death threats
	42 - Vandalism
	2 - Burglary
	7 - Assault & Battery
1984	18 - Bombings
	6 - Arson
	6 - Attempted arson/bombings
	42 - Bomb threats
	23 - Death threats
	35 - Vandalism
	2 - Burglary
	7 - Assault & Battery
1983	3 - Bombings
	1 - Arson
	1 - Attempted arson/bombings
	10 - Bomb threats
	1 - Death threat
	19 - Vandalism
	3 - Assault & Battery
	1 - Kidnapping
1982	3 - Bombings
	3 - Arson
	1 - Attempted arson/bombings
	7 - Bomb threats
	8 - Vandalism
	3 - Burglary
	3 - Assault & Battery
	1 - Kidnapping
1981	2 - Death threats
	2 - Vandalism
	1 - Arson
	1 - Attempted arson

1977-
1980

1 - Death threat
6 - Vandalism
8 - Arson
5 - Assault & Battery
4 - Bombings
2 - Attempted Arson

Source: The Communications and Public Affairs Divisions of Planned
Parenthood Federation of America
National Abortion Federation
Bureau of Alcohol, Tobacco and Firearms

STATEMENT

OF

ROGER CONNER, EXECUTIVE DIRECTOR
FEDERATION FOR AMERICAN IMMIGRATION REFORM (FAIR)

BEFORE THE
HOUSE SUBCOMMITTEE ON COMMERCE, STATE AND JUSTICE
OF THE
HOUSE COMMITTEE ON APPROPRIATIONS

April 9, 1986

Mr. Chairman, members of the Subcommittee, thank you for the opportunity to testify in support of the Fiscal Year 1987 budget request for the Immigration and Naturalization Service (INS).

My name is Roger Conner. I am Executive Director of FAIR, the Federation for American Immigration Reform. FAIR is a national non-profit membership organization working to educate the American people about the need to reform U.S. immigration policy to reflect the realities of the 1980's.

We believe illegal immigration is contrary to the best interests of the United States, and that it exacerbatesm any of the problems currently facing this nation. These problems include unemployment, inflation, and mounting budget deficits.

FAIR strongly supports the Administration's request for a budget of $609.3 million for the Immigration and Naturalization Service. The INS has long been one of the most underfunded and understaffed of the federal agencies. Even with the recent increases in appropriations, INS has only begun to address the very serious disrepair into which it has been allowed to lapse.

I believe Congress does not fully recognize the awesome responsibilities bestowed on the INS. With a staff smaller than that of the New York City or Chicago Police departments, the INS must patrol over 2,000 miles of land border with Mexico, over 3,750 miles of land border with Canada, admit or deny 250 million persons crossing our border every year, apprehend illegal aliens living and working in the United States, keep naturalization records and records on Permanent Resident Aliens, extend visas held by foreign visitors, develop secure documents for alien identification, and investigate thousands of violations of the Immigration and Nationality Act. With only about 500 Border Patrol agents on duty at any time to guard the entire U.S.-Mexico border, these officers apprehend well over 3,000 illegal aliens a day sneaking into the U.S.

Last year, the Immigration and Naturalization Service apprehended a record-breaking 1.2 million aliens. This year, the INS estimates it will apprehend 1.8 million aliens, a full 50 percent increase over last year's levels. And though no one knows for sure, immigration scholars estimate that at least 6 to 8 million illegal aliens have already settled in the U.S. Despite their tax contribution, government studies indicate this sizeable population is costing American taxpayers at least 7.56 to 10 billion dollars a year.

Now consider this INS officials estimate that for every illegal alien apprehended by the U.S. Border Patrol, at least two others successfully slip in undetected. Clearly, when one considers the alternatives, controlling illegal immigration is well worth the cost.

It is important for this Committee to realize that, although INS has had recent budget increases, it was severely underfunded for over 15 years. Even with increases, funding of the last few years has failed to keep pace with the growing masses of humanity seeking to enter the United States. Consider these facts:

- Between 1970 and 1982, legal immigration to the United States increased by 63 percent.
- Between 1975 and 1982, refugee admissions averaged over 100,000--ten times the 1970 rate.
- Between 1970 and 1982, foreign visitors to the U.S. (non-immigrants in INS terminology) increased by more than 157 percent.
- Between 1970 and 1983, the number of deportable aliens apprehended by the INS increased by 253 percent.
- A study last year by the INS found that over 75 percent of aliens notified to report for deportation abscond.

While the INS workload doubled and then tripled between 1970 and 1982, INS personnel during this period increased by only 51 percent. The result: the immigration service has been unable to inspect adequately persons coming into the United States or to patrol the 5,750 miles of land border we share with Mexico and Canada. The workload is mindboggling, and in view of its scope, the INS does an amazingly good job. Consider this: day in and day out, week after week, the average INS inspector "interviews" 100 applicants an hour for admission. Under rush-hour conditions at busy ports of entry such as San Diego and El Paso, individual inspectors are forced to screen hundreds of applicants an hour (in other words, they just stand aside and wave them through).

FAIR remains committed to helping insure that the INS has resources adequate to the job, and in some cases, spending more means saving more. For example, a 1984 Fraud Intercept Task Force Report found that "an increase of 2.5 seconds on primary inspection and a 3.5 minutes on secondary inspection resulted in a fraud detection rate increase of 32% and a malafide detection rate increase of 41%, when compared to baseline data. Applying the average of these percentages to actual 1983 figures, these results represent a total theoretical increase of more than 190,000 such cases. In turn, entry prevention for this number of fraud/mala fide applicants would represent a monetary savings to the government of more than $95 million." (Emphasis added)

Another means of attaining net savings of federal funds would be to increase funding for the Border Patrol. The Border Patrol, which has been gradually adding the 850 additional agents authorized in the FY84 budget, is doing an excellent job--considering present conditions--and is to be commended for its work. Most of these agents are being sent to the southern border, where 93% of apprehensions are made. Not only do these border patrolmen perform a vital service by securing our borders against an influx of illegal aliens, which preserves scarce financial resources in the nation's entitlement programs, the agents also play a key role in decreasing the flow of illicit drugs into our country, which saves our country millions in social costs and internal narcotics enforcement expenditures.

During testimony before the House Subcommittee on Immigration and Refugee Policy earlier this year, Commissioner Alan Nelson of the INS testified: "Our Border Patrol Agents made 886 narcotics seizures at the borders in the last fiscal year. This was a 28 percent increase from the previous fiscal year.

The value of seized drugs nearly tripled in the same period, to $120 million from $42.5 million."

Just last month, the Fraud Intercept Task Force seized 13 pounds of China white heroin at Los Angeles International Airport while testing sophisticated fraud-detection equipment.

These figures indicate that _an open border for illegal aliens is an open border for drugs._ _Newsweek_ magazine, in its February 25, 1985 edition, stated that: "As much as one-third of cocaine bound for the United States now comes through Mexico, and the Texas, Arizona and California borders are proving as porous to the flow of drugs as they are to the flow of illegal immigrants." There remains a major incentive for securing our borders as quickly as possible.

The final area I will address where an increased investment in INS capabilities will net the government significant savings is in INS computer systems development. INS data processing functions must be brought into the 20th century, and under Commissioner Nelson's leadership, progress has begun to be made.

Recent budget increases have allowed INS to develop the ANTI-SMUGGLING INFORMATION System - still in the pilot stages, and to award an ADP contract for development of several other systems, including the Nonimmigrant Information System (NIIS), the Central Index System, the Alien Verification Index, the Casework Support System, and the National Automated Immigration Lookout System, to name but a few. If adequate funding is maintained in this area, the new ADP capabilities should certainly go a long way toward improving the capacity of the

Service to identify and track aliens.

A good example of the savings one can expect by maintaining adequate funding levels of these systems is the SAVE program (Systematic Alien Verification for Entitlement). The SAVE program was designed to forestall the fraudulent receipt of entitlement benefits by illegal aliens. In FY85, the INS estimated that this program saved the government $111 million. INS has projected that if the program becomes fully operational, and is employed by all states, it may save U.S. taxpayers $10.7 billion or more in federal funds. This potential savings is dramatic under any economic circumstances, but given our astronomical deficit, the savings provided through INS programs such as SAVE become essential to the financial health of entitlement programs. FAIR fully supports the Administration's request for FY87 of $1,000,000 to allow more states to participate in the SAVE program.

FAIR continues to recommend that Congress appropriate an additional $15 million to fund a demonstration study of ADP systems on the feasibility of a telephonic verification system for employer eligibility.

At this time, I would like to commend Commissioner Nelson and the Administration for the outstanding job they have been doing in their first several years handling the Immigration and Naturalization Service. At the time they took command of the agency, it was little more than a marginally functioning shell, a product of nearly ten years of neglect and, in come cases, affirmative mismanagement.

As stated above, substantial improvements are in the works, improvements wholeheartedly supported and applauded by FAIR. Many of the changes represent the first substantial increase in the INS resources in twenty years, and have given a noticeable boost to agency morale. Nevertheless, these new projects and priorities are not enough.

FAIR has studied agency problems for six years. We are concerned that while these initial steps are important and useful, they are by no means all that must be done. I have suggested increases for specific program areas of the INS. However, FAIR believes we cannot be selective in adding funding for only a few programs of the Service. Otherwise, funding increases made to date will only prove cosmetic. Under dramatically increasing workloads, all areas of the INS are in dire need of substantial increases in available resources. I have mentioned just those programs which beg for immediate attention. We cannot simply shift resources from one area to another; we cannot allow interior enforcement to suffer in order to increase manpower at the borders. We believe there must be further increases in all areas of adjudications and enforcement as part of a balanced overall resource enhancement plan for the agency.

I do not want to sound alarmist, but I do want to make clear that the Administration's budget request for Fiscal Year 1987 is not enough to counter the pressures that will be felt along the southern border if a bill like Simpson-Rodino becomes law. There will be pressure to pull line officers off line duty to process hundreds of thousands, perhaps millions, of amnesty applications. If additional funding and manpower are not in place at the time of legalization, the INS will be powerless to turn the tide. Now is the time to continue building up the Border Patrol.

Mr. Chairman, thank you for this opportunity to testify on behalf of the Federation for American Immigration Reform.

Good morning Chairman Smith and other distinguished members of the Subcommittee. I am Gilda Cobb Hunter, Legislative Chairperson for NCASA, the National Coalition Against Sexual Assault. NCASA is an organization comprised of rape crisis centers and sexual assault programs from across the nation. I am here this morning on behalf of NCASA and the hundreds of members it represents to speak on the proposed Department of Justice FY87 budget. My remarks will focus directly on the budget and its impact on the Victims of Crime Act of 1984 (VOCA).

The VOCA of 1984 calls for federal aid for state crime victim compensation programs and for programs that offer services and assistance to crime victims. A brief recap of the portions of the VOCA legislation that this statement will address includes the following information:

> Establishment of a Crime Victims Fund with federal criminal fines; penalties imposed on convicted federal defendants; forfeited bail bonds and forfeited collateral; and forfeitures of the proceeds from the sale of book, movie rights etc. from any defendant convicted of a federal crime resulting in harm to an individual. Up to 50 percent supports state victim compensation programs and no less than 45 percent supports local programs of victim assistance.

Up to 5 percent may be used to finance programs to assist victims of federal crimes. A cap of $100 million was set with any revenues over that amount to be deposited in the general fund.

A second numberical formula applies to state compensation programs where each may receive a grant of no more than 35 percent of its last year's compensation awards. If the individual compensation grants do not add up to the amount reserved for them in the fund, the remainder is given to the pool for local service programs. Since that happened in 1986, the adjusted percentages for this year are: 5 percent for the Federal effort, 35 percent for state compensation, and 60 percent for local services (such as rape crisis centers, battered women's shelters, and prosecutors victim/witness programs).

The Crime Victim Assistance portion of the VOCA authorizes grants to chief executives of states of $100,000 plus a share based on state population to be used to aid eligible crime victim assistance programs. The legislation further spells out the process a state must employ to get a grant and the eligibility requirements for the the victim assistance programs to receive the aid.

The Justice Department is proposing to lower the ceiling on the Crime Victim Fund from the 100 million established by the legislation to 35 million. We believe that this lowering of the cap will adversely affect the services provided by rape crisis centers and sexual assault programs across the country since the victim assistance programs will

will bear the brunt of the cuts if this proposal is allowed. Crime Victim Funds will be reduced from 41.2 million distributed in FY85 to 17.5 million available for assistance programs in FY86. It should be remembered that the CVF runs behind because it accumulates during the year of the award. Monies are being deposited now for grant awards to be made October, 1986.

The idea of a federal fund to aid in states' efforts in providing crime victim compensation and assistance originated with the President's Task Force on Victims of Crime. The Task Force expressed a belief that support for states' victim compensation programs should help solidify state efforts to maintain current levels of compensation for victims and serve as an incentive for states without such programs to create them. The Task Force also believed that federal support for state and local victim assistance programs would help ensure their continuity and maintenance of effective levels of service. President Reagan who established the Task Force on Victims of Crime and Assistant Attorney General Lois Haight Herrington who chaired it, along with members of the Task Force won high marks from those dealing with victims of crime for the creative ideas apparent in their final recommendations. Rape crisis centers and sexual assault programs were especially pleased and commended the administration on those recommendations that were viewed as addressing some of the problems in service delivery to crime victims, most especially those victims/survivors of sexual assault. Fortunately through hard work and effort in both Houses, the Task Force recommendations were largely implemented with the passage of the bipartisan version of VOCA and signed into law by President Reagan in October 1984. The legislation which was warmly and fairly claimed as a major administration achievement has fallen prey to the scrutiny of the budget review process aimed at reducing the federal deficit. Those of us who serve victims of sexual assault are aware that the federal budget crisis is genuine and the the CVF like other federal programs, should make sacrifices to ease that crisis. However, we believe the sacrifice should be in the "sacrifice and sacrifice alike" manner inherent in the Gramm-Rudman-Hollings deficit reduction act. In the very least, those sacrifices should come couched in President's REagan's belief that "one nickel out of each dollar" need be cut in domestic spending. Applying the 4.3% automatic cut of Gramm-Rudman-Hollings would lower the cap on the Crime Victims Fund to 96 million. A proposal lowering the amount to 35 million can hardly be viewed by many as a fair compromise in using the CVF to aid in deficit reduction. Further examination of the proposal reveals that under the rosiest of projections, the plan would produce 65 million in new revenues for the Federal Treasury. The 65 million is the difference between $100 million in revenues and a $35 million ceiling and would add one dime to every $1,308 of revenues the Administration expects will come from taxes and other sources. Using the more realistic figure of $40 million in new revenues assuming there will be only $75 million in collections this year, the sacrifice imposed on the Crime Victims Fund would add a dime to every $2,125 in revenues going to the Treasury.

The grants from the Crime Victims Fund have only recently gone to the states but already there is evidence that they will make a real difference. In some states the strong Task Force opinion that the legislation would ensure continuity and maintenance of effective service delivery has been actualized.

In South Carolina monies that have been awarded from the Fund will allow a rape crisis center in the midlands area of the state to hire a full time executive director and counselor/education coordinator to meet the needs of its service area. This center had been operating with a part time director and no counselor education coordinator. The demand for this center's services has shown a steady increase over a three year period since inception and the VOCA legislation was viewed as the tool which would finally allow for the availablilty of those direct services on a sustained basis beyond what was available through the use of volunteer advocates. Additionally, it was believed that the hiring of a full time education coordinator would enhance the existing services provided. Members of the statewide coaliton of sexual assauit and domestic violence programs also saw the Crime Victims Fund allocations as a means of establishing services in areas of the state where they did not already exist. Needless to say this gap in services as well as the enhancement and maintenance of other services will not be realized if the proposal to lower the available funds to 35 million is allowed to occur. The example of what will happen to programs in South Carolina can be applied to a significant number of sexual assault and domestic programs from across the country as well.

The victims/survivors that have begun to benefit and will benefit in the future, implore this Subcommittee to examine the Department of Justice's budget very closely to see the impact this legislation will have and not allow this to take place.

TESTIMONY OF MAYOR EDWARD I. KOCH
BEFORE THE
COMMERCE, JUSTICE, STATE, THE JUDICIARY
AND RELATED AGENCIES
SUBCOMMITTEE OF THE HOUSE APPROPRIATIONS COMMITTEE
CONCERNING
DIPLOMATIC POLICE PROTECTION REIMBURSEMENT
April 7, 1986

Chairman Smith, members of the Subcommittee, fellow colleagues: Thank you for extending me this opportunity to return to Congress to testify on Federal reimbursement to localities for the costs of protecting foreign officials -- an issue of paramount importance to New York City, and indeed, to our nation.

I am here today to address New York City's concerns about two separate but closely allied diplomatic police protection reimbursement programs - one for United Nations dignitaries, authorized by P.L. 94-196, the Executive Protection Services Act, and the other for consular officials, authorized by P.L. 98-164, the 1984 State Department Authorizations Act.

New York has a substantial stake in both of these programs since the City serves as host to the largest diplomatic community in the world; -- one consisting of over 32,000 foreign officials and their families associated with 159 United Nations missions and 88 foreign consulates.

Routine police services which are provided to all our citizens, such as crime prevention, safety patrols, emergency aid and investigation of criminal activity are not part of my testimony today. New York City and numerous other cities across the country gladly absorb the cost of providing these services to their diplomatic communities, even though the diplomatic community contributes nothing to the cost of these services due to its exemption from income, property, and sales taxes, not to mention parking fines and other legal judgments.

The type of protection we are discussing today is "extraordinary protection." Provision of extraordinary protection is based on threats posed against specific diplomats and foreign properties at specific times. It allows dignitaries to perform their business in an unhampered and safe manner.

This type of protection far exceeds the scope and responsibility of normal local police activity. It actually fulfills a Federal responsibility assumed through reciprocal international agreements. It is for this reason, coupled with the fact that international terrorism has dramatically increased in the last few years, that the Federal government has increasingly acknowledged its responsibility for the cost of this type of protection.

In December 1975, after 15 years of effort by New York for Federal assistance, President Ford signed Public Law 94-196 to allow reimbursement up to a maximum of $3.5 million annually to local law enforcement agencies for the protection of foreign dignitaries visiting the United Nations. The City's longstanding contention that protection of foreign dignitaries is a Federal responsibility was acknowledged in the Senate report which accompanied this law. It stated that "local communities should no longer be forced to bear the full cost of what is essentially a national obligation."

As a result of Congressional initiatives during 1982, the amount available for U.N. Police was protection increased from the original $3.5 million level to the current level of $7.0 million to more accurately reflect the average annual cost of extraordinary United Nation's police protection. For example, in Federal fiscal year 1985 New York City expended $5.9 million for fixed posts at foreign missions, supplemental coverage for demonstrations at foreign properties, and protection for 60 visiting foreign dignitaries. However in the first quarter of Federal fiscal year 1986, we expended $5.0 million for police protection related to the fortieth anniversary of the United Nations. Since costs for the remainder of the fiscal year will be at least $3.0 million for fixed posts alone, the total cost for this fiscal year will exceed the $7.0 million appropriation level. Thus, additional Federal funding will undoubtedly be necessary to cover these costs.

The second of the two programs we are discussing today was authorized for the first time in Federal fiscal year 1984 and provides reimbursement for the protection of foreign consulate officials. As you know, in 1985, $2.5 million was appropriated for this purpose. This program allows reimbursement for the extraordinary protection of consular officials who are frequently in as much need of such protection as are United Nations dignitaries. New York City has for many years maintained that local governments should be reimbursed for the extraordinary protection they provide consular officials in the same manner in which they are reimbursed for United Nations dignitary protection. Before the creation of this program, the City absorbed up to $800,000 per year for consular protection. Relief from this burden is welcomed. However, because no State can receive more than 20 percent of the total appropriation, reimbursement under this program may not cover the entire costs incurred by the City each year. For example, to date, the City has been reimbursed for $294,000 for consular protection in Federal fiscal year 1985. However, costs for the remainder of the year, which are still under review by the State Department, will bring the total 1985 costs to $670,970, which exceeds the 20 percent maximum of $500,000 for the State. Localities should not be forced to absorb the costs for these protective services provided at the behest of the State Department.

Because of resources provided through these programs, we have been able to ward off serious terrorist actions against the diplomatic community in New York. With the exception of one incident in 1980, the City has had a perfect record in ensuring the safety of diplomats and their families. Heads of state, members of royalty, and popes have moved through the City and departed in safety.

In providing diplomatic protection the New York City Police Department is serving all Americans, and is doing so at considerably less than it would cost the Federal government to do so. The Treasury Department testified before Congress nearly four years ago that if the Federal government were to physically provide this protection, as it does here in Washington, it would cost $20.1 million to do so in the first year alone, with an annual cost thereafter of $14.5 million. Surely in this light, the $7.0 million annually which has been authorized for this purpose since fiscal year 1983 is not unreasonable. In fact, in light of what it might cost the Federal government to provide this protection today as a result of inflation, it is a real bargain for the United States, - something rare in this day and age. Does this efficiency warrant reductions? I think you'll agree that it does not.

As you can see, the provision of police security for the diplomatic community in New York City is costly, but much less costly than the implications for our country of having "half-way" protection. Recognizing this, as well as the drastic rise in international terrorism, the Administration has asked for increased funding for the diplomatic protection programs in Federal fiscal year 1987. I urge you to enact any necessary increased funding levels for these worthy programs, particularly in light of the additional cost related to the fortieth anniversary of the United Nations.

I thank you.

STATEMENT OF

THE ANTARCTICA PROJECT
AND
GREENPEACE

SUBMITTED TO:

The Subcommittee on Commerce, Justice, State and Judiciary

Committee on Appropriations

United States House of Representatives

on the

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

BUDGET FOR FISCAL YEAR 1987

April 7, 1986

Prepared by:

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Greenpeace
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Washington, D.C. 20009

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The Antarctica Project
1845 Calvert St. NW
Washington, D.C. 20009

INTRODUCTION

This statement is submitted on behalf of the Antarctica Project and Greenpeace. The Antarctica Project is a non-profit organization dedicated to the protection of Antarctica and its wildlife through public education and scientific and policy research. Greenpeace is an international environmental organization with over 700,000 supporters in the United States, and is conducting a major international campaign to save Antarctica. We believe conservation and protection of Antarctic wildlife and ecosystems should be an important priority of the U.S.

To regulate harvesting of marine living resources in the Southern Ocean, the Convention for the Conservation of Antarctic Marine Living Resources (CCAMLR) was negotiated, beginning in 1978. The Convention was signed in 1980, and came into force in 1982. As part of the U.S. plan to implement CCAMLR, Congress directed NOAA and NMFS to "design and conduct a program of directed research" in the Southern Ocean. In early February, 1986, NOAA's research plan, known as the Program Development Plan or PDP, was ready for transmittal to Congress. Despite broad support for the program, however, the proposed FY 1987 budget does not include funding for NOAA to carry it out, nor has the Commerce Department forwarded the PDP to Congress. In our view, the failure to forward the plan and to ask for adequate funding is a violation of the Secretary's legal obligations.

THE NEED

CCAMLR is a unique conservation convention that takes a "whole ecosystem" approach to fisheries management. Under this scheme, any activity's influence throughout the entire ecosystem is to be considered before a decision is taken on any individual marine resource. Four years after coming into force, however, the Convention has failed to take the necessary measures to carry out its mandate. The fishing states, in particular the Soviet Union, continue to defy attempts to monitor and regulate the fisheries of the Southern Ocean. By abusing the Convention's consensus decision-making process, the fishing nations have consistently blocked all attempts to regulate the fisheries.

Since 1969, three of the four most important commercial finfish species (Marbled notothenia, Scaled notothenia and Patagonian toothfish) in the area have been heavily overfished. As for the fourth species, Antarctic icefish, there is grave fear for the future of the stock due to a massive catch in 1982-83. The fishing nations have now turned their attention to krill, the small crustacean which forms the basis of the Antarctic ecosystem. Available information on the biology and ecology of krill is insufficient to predict quantities that could be harvested without depleting the target species or altering the numerical or functional relationships between target, dependent and associated species. Despite this lack of information, the harvest of krill has begun without any regulation. Environmental organizations fear that without the necessary controls, krill and the animals which depend upon it (including whales, seals, penguins and other seabirds), may go the way of the finfish.

The Soviet rationale for blocking regulatory measures is that there is simply not enough scientific justification for the setting of quotas. Ironically, the fishing states, which have important data resulting from fishing activities, have been unwilling to release it to the international community. In addition, information about important ecological processes, especially the role of various species in the Southern Ocean ecosystem, is non-existent and desperately needed. It is hoped that once the ecosystem is better understood, the fishing nations will find it much harder to veto conservation provisions.

THE U.S. RESEARCH PLAN

The PDP has been carefully reviewed and endorsed by all agencies represented in the Antarctic Policy Group (including the Departments of State, Defense, Energy, Interior, Transportation and Treasury, as well as NOAA, EPA, the Marine Mammal Commission and others). According to the Policy Group, the plan

> "would make a significant contribution to the overall understanding of the structure and function of the Antarctic marine ecosystem and could provide information essential to effective U.S. participation, within CCAMLR, in the conservation and management of the marine living resources in ocean areas surrounding Antarctica. As such, it would contribute significantly to U.S. Antarctic policy objectives, which include maintenance of a lead role in the operation of CCAMLR."

The program is designed to carry out essential stock assessments of the major components of the ecosystem: fish, krill, whales, seals and birds. In addition, complex oceanographic data will be obtained in order to determine how various factors affect the abundance and survival of krill, and ultimately, its predators and prey. In 1987, $3.975 million is needed for this research, and in 1988, $4.177 million. $1.8 million of this is required for the vessel charter and operation. The use of alternative vessels could reduce this amount (for example, the APG has indicated that by using the RV Polar Duke, the charter vessel used by the National Science Foundation, substantial savings could be made), and if the price of oil remains at current levels, additional cost reductions are anticipated.

BENEFITS OF THE PROGRAM

1. The information gleaned from the research will enable the wise management of the marine resources of the Southern Ocean. All too often, the gathering of baseline data is not attempted until after exploitation has caused a noticible impact. We now have the rare opportunity to study the role of krill in the ecosystem prior to intensive exploitation.

2. The results of the research will be useful for managing fisheries in the U.S. 200-mile zone, particularly in complex ecosystems such as the Bering Sea.

3. The U.S. will maintain its leadership role in Antarctic conservation. In promoting the "whole ecosystem" management approach, the U.S. led the effort to achieve strong protection for the Southern Ocean ecosystem. If the U.S. fails to follow through with this commitment, the fishing nations will assume the lead with potentially dire consequences for whales, seals, birds and other marine life.

INTERNATIONAL EFFORTS

U.S. research in the Southern Ocean is one component of a broader effort by the Consultative Parties to monitor the Southern Ocean ecosystem. At the fourth meeting of CCAMLR's Scientific Committee, member nations outlined their expected activities in this regard. For 1987, expenditures on monitoring activities are estimated as follows:

The Soviet Union	6,100,000
Japan	5,000,000
Federal Republic of Germany	4,400,000
United States	3,975,000
Argentina	2,400,000
Australia	2,000,000
United Kingdom	2,000,000
France	1,400,000
South Africa	700,000
Norway	400,000

The U.S. share of this research amounts to approximately 14% of the total. This is a modest sum considering the CCAMLR management model was conceived of and negotiated under the leadership of the United States. Perhaps more importantly, without U.S. participation in this program, approximately 65% of the Southern Ocean research will be undertaken by the fishing nations. It is arguable that a fundamental conflict of interest will exist if the fishing nations conduct the lion's share of the research necessary to bring their activities under control.

STATE OF FLORIDA

FLORIDA DEPARTMENT OF AGRICULTURE & CONSUMER SERVICES

DOYLE CONNER COMMISSIONER

THE CAPITOL TALLAHASSEE 32301

April 7, 1986

Honorable Neal Smith, Chairman
House Appropriations Sub-Committee on
Commerce, Justice, State and Judiciary
H218 The Capitol
Washington, D.C. 20515

Dear Mr. Chairman:

The proposed termination of agricultural weather and fruit frost programs as well as proposed reduction in fire weather forecasting is a critical concern to the economy and welfare of the State of Florida.

Not only is our state fourth in the nation in agricultural production, but also recent statistics reveal that the number of citizens in Florida whose job and livelihood depend on food and fiber is in excess of 938,000.

Our state's vast agricultural resources as well as our large forest industry will be severely impacted by the termination and reduction in these two programs. I respectfully request your support in continued funding for agricultural weather and fruit frost programs as well as fire weather forecasting. I also respectfully request that my attached statement be offered as part of the record of your hearings before the House Committee on Commerce, Justice, State and Judiciary and I appreciate the opportunity to petition your assistance and to state our views for the record.

With kind regards, I am

Sincerely,

Doyle Conner

Doyle Conner
Commissioner

DC/rt

Attachment

Statement

by

Doyle Conner
Commissioner of Agriculture
State of Florida

before the

House Appropriations Subcommittee

on Commerce, Justice, State and Judiciary

April 8, 1986

Mr. Chairman, Members of the Subcommittee, I am Doyle Conner, Florida Commissioner of Agriculture. I have the honor and privilege to speak to you on behalf of our state's vast agricultural industries as well as our large forest industry.

Florida is one of the nation's leading states in the production of fresh vegetables, citrus fruit, foliage plants and flowers, beef cattle, watermelons, seafood, sugarcane and many other products which contribute to the quality of life we live. Florida also is a major producer of forest products.

The value of Florida's agricultural production last year, even though Florida lost approximately 200,000 acres of producing citrus groves in the previous five years to major freezes, was some $4.7 billion, which increased to approximately $16 billion by the time it reached consumers. Florida's standing as a major agricultural state is indicated by its ranking of fourth in the nation in 1984 in net farm income, reflecting the market value of fresh commodities and citrus products.

Our state has been the unfortunate target in recent years of major weather disasters. We have had severe freezes in four of the last six winter seasons, in 1981, 1982, the monstrous one at Christmas in 1983 and the freeze of the century in January of 1985 which administered the coup de grace to citrus groves trying to resume fruit production after surviving the '83 freeze. Much of the citrus production in 14 counties in the northern belt of the citrus region is lost. Lake County, once our No. 2 county in citrus production, virtually is without any citrus production today.

Farm, grove and forest production are absolutely dependent on accurate weather information. Accurate forecasts of minimum temperatures are essential to the Florida fruit and vegetable growers. With advance warning of frost and freezing weather, the grove owners and vegetable growers can harvest early to avoid loss of the crops.

This information also lets them make the informed decision on when to put frost protection plans into action to save their crops using heaters, fogging machines, helicopters, wind machines, and irrigation or flooding to keep temperatures up or prevent frost from forming.

Accurate weather information is vital not only to farmers but also to members of the public in general. Florida is fortunate to have one of the nation's agricultural and fruit frost weather stations at Ruskin. It is not uncommon for the few personnel on duty there to receive from 300 to 500 telephone calls per day from an array of questioners ranging from the producer of a multi-million dollar crop to a vacationer seeking refuge from the wintry weather in the North.

The station also provides fire weather information to the state's Division of Forestry, U.S. Forest Service and national park service. Fire weather information is vital for successfully coping with situations such as we encountered in 1985, a year of record losses in forests, woodlands, and communities built in heavily-wooded areas such as Palm Coast, where we lost some 130 structures, mostly new homes valued at many thousands of dollars.

The Ruskin weather station provides many agricultural weather products: the Peninsular Florida Farm Area Minimum Temperature Forecast, the Minimum Temperature Survey, the Florida Farm Area Weather Forecast, the Weekly Weather Summary, and a climatological services program. From November 1 to March 31 of each year it issues the minimum temperature forecast, and on cold nights this is issued at two-hour intervals. The grower is able to make decisions based on this information on whether to spend energy and money on crop protection. The farm area weather forecasts are issued twice daily all year round. This information also guides growers in day-to-day operations to achieve maximum efficiency and economy.

We in the Department of Agriculture and Consumer Services operate the federal-state crop and livestock reporting service which provides highly-useful information to a variety of people in addition to agricultural interests from a statistical standpoint. It incorporates weather information from the

Florida agricultural weather station which receives data from about 150 locations during the frost season in a cooperative effort with the University of Florida Institute of Food and Agricultural Sciences and our Division of Forestry, Florida Citrus Mutual and other cooperatives, and growers.

As the elected official in Florida charged with overseeing the well-being of agriculture and forestry, I am completely and unalterably opposed to the termination of the agricultural weather and fruit frost warning services and to major reductions in the forest fire weather forecasting capability.

We do not ask for any increase in funding for this year, but would like to remind you that we agreed to a reduction in Florida operations at Ruskin long before the mandate of Gramm-Rudman was handed down, and that the expenditure of less than $1.5 million to continue agricultural weather services is well worth the cost in terms of savings of agricultural products from loss, which inflicts higher prices on the general public.

-end-

DON CASSIDY, SR., President
D. W. KORTE, Vice-President
SHELDON H. CADY, Executive Vice President, Treasurer
KENNETH D. MENTZER, Staff Vice President

mima
Mineral Insulation Manufacturers Association

382 Springfield Avenue
Summit, N.J. 07901-2782
(201) 277-1550

February 19, 1986

The Honorable Neal Smith, Chairman
House Subcommittee on Commerce, Justice, and
State, The Judiciary and Related Agencies
Suite H 218
House of Representatives
Washington, DC 20515

Dear Representative Smith:

The Department of Commerce has again proposed the complete phasing out of the Center for Building Technology (CBT) within the National Bureau of Standards. The members of the Mineral Insulation Manufacturers' Association, Inc., (MIMA), whose names are listed below, believe that elimination of this center must not occur and that every possible effort should be made to preserve and continue the CBT with adequate funding. We wish to submit the following for the record.

The Center for Building Technology is our country's only non-proprietary laboratory which can supply the type of research and development that cannot be obtained from private sources but which can stimulate private sector research as a result of its findings. The Center for Building Technology is the rallying point on insulation products, insulation systems, and thermal testing between industry, NBS, other government agencies, ASTM, ASHRAE and others. It is inconceivable that Congress would consider leaving the United States as the only developed country without a national building research laboratory. This would be an irreplaceable loss to the building community, the nation, and the international research community.

L.C. Cassidy & Son
CertainTeed Corp.
Guardian Fiberglass, Inc.
Manville Building Materials Corp.
Owens-Corning Fiberglas Corp.
Rock Wool Manufacturing Co.
U.S. Mineral Products, Co., Inc.

Of particular importance to our industry in recent years is the provision by the Center for Building Technology of measured calibrated transfer specimens for use in conjunction with the "representative thickness" provisions of the Federal Trade Commission Rule, "Labeling and Advertising of Home Insulation", 16 CFR 460.6. Test data was generated by the 1000 mm line-heat source guarded hot plate; documentation was obtained regarding the test appropriateness and the theory of heat flow in thick insulations. MIMA provided a Research Associate to assist in this development at a cost of $50,000.

This program could not have been accomplished by private industry within the prescribed time limits. One insulation manufacturer with extensive research facilities invested in excess of $600,000. in 1976-78 in research and development directed toward implementation of full thickness testing. They concluded that they were still not confident that full thickness testing was mature.

The FTC was urged by industry to defer its implementation of the full thickness testing section of its Rule until the NBS 1000 mm guarded hot plate and the related measured calibration transfer specimens were available. It was estimated that, in the fourteen months required to complete this development, manufacturers would be exposed to a rash of civic petitions for non-compliance with the test method than required by the FTC. This test method had already been determined by NBS CBT to be not feasible. Increased costs of industry for this immediate compliance, which would have had to be passed to the consumer, were estimated to be around $90 million for the fourteen month period.

Currently, the members of MIMA are cooperating with the staff of the Center for Building Technology on a research program to develop a method for measuring installed loose-fill insulation R-value. There is a growing concern throughout the United States that home owners may not always be having the correct amounts of insulation installed in their homes. The present state-of-the-art in measurement of installed insulation R-values is unsatisfactory. A more sophisticated and accurate procedure is not only desirable, but necessary. The expertise and facilities of the Center for Building Technology, as well as its non-proprietary nature, are necessary to achieve the desired results in the interests of the nation's home owners and of the nation's need to conserve energy. MIMA has pledged funds to be used to generate and analyze the initial data base for mineral fiber insulations.

Other activities by the Center for Building Technology of importance to the mineral fiber insulation industry:

a). Thermal wall mass study: an independent evaluation to predict the effect of wall mass on energy use.

b). Development of thermal test methods for building and insulating materials that will determine their thermal properties as required for cost-effective materials selection and building envelope design. (The Calibrated Hot Box).

c). Development of techniques to assess the airtightness in houses.

d). Development of diagnostic procedures, measurement techniques, and interpretation methods for in-situ assessment of the thermal integrity of building envelopes.

e). MIMA was one of the instigators of the NVLAP program relating to insulating products. The Center for Building Technology's inspection of apparatus and standard testing procedures under the program is, again, an important non-proprietary contribution to the establishment of quality assurance for buildings.

f). The activities of the Building Physics Division in the interests of energy conservation are too numerous for specific mention. This independent research, accomplished by no other organization, is of immeasurable help in providing industry with unique data.

g). The Center for Building Technology is the major non-proprietary source of technical information for the development of voluntary standards for the thermal performance of buildings by the American Society for Testing and Materials, the American Society of Heating, Refrigerating and Air-Conditioning Engineers, and building code organizations.

MIMA appreciates the opportunity to submit its opinions to your committee. We urge that Congress restore appropriate funding to the Center for Building Technology. These elements within our nation's sole national building research laboratory must continue to work on R&D projects to provide the information needed by Federal Agencies interested in building and to provide technology that private industry alone cannot provide.

Thank you for considering our views.

Sincerely yours,

Sheldon H. Cady

Sheldon H. Cady
Executive Vice President

SC/tkl

UNITED STATES SECTION

of the

PACIFIC SALMON COMMISSION

BUDGET JUSTIFICATION

Fiscal Year 1987

ERRATUM

Due to an arithmetic error in the preparation of Table No. 1, the sum required by the Northwest Indian Fisheries Commission for "Administration - Coordination" is incorrectly identified as $171,100. The correct figure is $250,900. The correct NWIFC program total is $1,697,400; the correct grand total is $11,287,600.

UNITED STATES SECTION

# of the

PACIFIC SALMON COMMISSION

* BUDGET JUSTIFICATION - FISCAL YEAR 1987 *

1. Introduction

The Pacific Salmon Treaty Act of 1985, P.L. 99-5, charges the United States Section of the Pacific Salmon Commission with the responsibility for implementation of the United States-Canada Pacific Salmon Treaty. Consistent with that charge, the U.S. Section annually must identify and report to the United States Congress, Department of Commerce, Department of State and Department of the Interior those research and administrative programs necessary to the Treaty's successful implementation. The responsibility for funding Treaty-related programs rests with the U.S. Government, as expressly provided by P.L. 99-5, sec. 12(a)-(c).

This document reflects the U.S. Section's best judgment of the funding required in Federal Fiscal Year 1987 to support Pacific Salmon Treaty-required administrative and research efforts. The various programs we detail here and recommend for funding have been carefully reviewed through a series of work sessions involving representatives from all State, Federal, and Tribal agencies with responsibility for implementation of the Pacific Salmon Treaty.

The U.S. Section of the Commission has agreed to endorse for funding fewer than one-half of the programs originally submitted for our review. We have endorsed only those programs that meet these criteria:

- o The program must be directly required to implement the Treaty, not merely of incidental benefit to that goal;
- o The program must not, in whole or in part, duplicate any other program;
- o The program must be cost effective, coordinated to the greatest possible degree with other efforts, and of immediate, ascertainable benefit to the Treaty implementation effort.

2. Agencies for which Funding is Sought

Detailed program justifications are included in this document for each of the following entities in the order listed here:

1 - Alaska Department of Fish and Game

2 - National Marine Fisheries Service, Northwest Region

3 - National Marine Fisheries Service, Alaska Region

4 - National Marine Fisheries Service, Northwest and Alaska Fisheries Center

5 - National Marine Fisheries Service, Auke Bay Laboratory

6 - Washington Department of Fisheries

7 - Oregon Department of Fish and Wildlife

8 - Idaho Department of Fish and Game

9 - U.S. Fish and Wildlife Service

10 - Columbia River Inter-Tribal Fish Commission

11 - Northwest Indian Fisheries Commission

12 - U.S. Department of State

3. Amount of FY 1987 Funding Requested

The U.S. Section of the Commission recommends appropriation of $11,207,800 in FY 1987 for implementation of the Pacific Salmon Treaty. Table No. 1 identifies the total program request by type of activity and by agency. For purposes of comparison, the following chart identifies the total appropriation recommended by U.S. Section for each agency in FY 1986, the actual appropriation received, and the amount recommended for FY 1987 (all $ x 1000).

AGENCY	FY 86 RECOMMEND	FY 86 APPROPRIATION	FY 87 RECOMMEND
ADFG	3026.0	2839.0	2924.2
NMFS/NWR	80.0	75.0	78.2
NMFS/AKR	125.0	117.2	120.7
NMFS/NWAFC	425.0	399.2	411.2
NMFS/ABL	1285.0	1205.3	1241.4
WDF	818.0	767.6	790.6
ODFW	570.0	534.4	550.3
IDFG	280.0	263.3	270.2
USFWS	265.0	400.0	265.0
CRITFC	618.0	420.0	682.4

NWIFC	1487.0	980.0	1617.6
STATE	2225.0	2225.0	2256.0
TOTALS	11204.0	9776.0	11207.8

In general, it will be seen that agencies funded through the Department of Commerce (States and the National Marine Fisheries Service) were funded in FY 1986 at roughly 93.7% of the level requested by the U.S. Section. Appropriations to the USFWS exceeded the level recommended, however, the U.S. Section FY 86 recommendations had not provided for Yukon River studies and it was to this important purpose that the $145,000 difference was applied. (See Cong. Rec. S17066, December 6, 1985.)

Appropriations to the two Indian tribal coordinating commissions fell roughly 33% below levels we had recommended. Both commissions will receive Salmon Treaty contract support funding in FY 1986 totalling $365,000 ($256,000 to NWIFC; $109,000 to CRITFC) that will, to some extent, ameliorate for those large cuts. FY 1986 tribal appropriations do not reflect base Salmon Treaty program needs. At the Senate's recommendation, FY 1986 tribal funding was provided for only three-quarters of the fiscal year. Quoting Senator Hatfield: "because the program is being funded on a partial year basis, appropriate adjustments will have to be made to next year's program base to accommodate for a full year program [in FY 1987]." (Cong. Rec. S17066, December 6, 1985).

The Department of State was funded at the level recommended by the U.S. Section.

4. Yukon River Studies in Support of Negotiations

The last set of program justifications included with this document detail two program proposals from the Alaska Department of Fish and Game and one from the U.S. Fish and Wildlife Service that concern research in support of current negotiations with Canada regarding sharing of Yukon River salmon stocks.

The Pacific Salmon Treaty established a framework for conduct of those negotiations, but the Treaty itself is not the vehicle through which the negotiations proceed nor will the terms of the Treaty necessarily apply to the Yukon. In other words, the Yukon River negotiations are a separate matter from direct implementation of the Pacific Salmon Treaty and, thus, we have separated Yukon River program requests from other programs. The U.S. Section believes that the programs are fully justified and recommends that the three programs be funded in support of the Yukon negotiations.

5. NMFS Pre-existing Pacific Salmon Related Programs

The National Marine Fisheries Service has proposed to the U.S. Section that a series of Pacific salmon related programs, all of which were in place before final negotiation of the Pacific Salmon Treaty, be endorsed for funding under the Pacific Salmon Treaty. We have not accepted this proposal. These programs, which were funded at $8,000,000 in FY 1985 and 1986, are beneficial to overall Pacific salmon management and production and, to be sure, have important incidental benefit to implementation of the Treaty. But, they are not directly required by the Treaty.

The U.S. Section is composed of state, federal and tribal fishery managers. In our domestic managerial capacities, we support these pre-existing programs and urge that they be funded. Nevertheless, we believe that these programs should be appraised on their own merits, independent from the Treaty.

6. Summary

This budget request differs in some respects from the President's FY 1987 Budget. The U.S. Section of the Pacific Salmon Commission was not consulted in the development of the Administration budget. This circumstance reflects the fact that the Commission is a new body, still working to catch up with the Federal budget planning process. We will be in synchronization with the Federal Government's FY 1988 budget deliberations and anticipate that FY 1988 and later Administration and Commission budget proposals will agree.

The U.S. Section would like to thank those Administration and Congressional representatives who have assisted our work. We look forward to continuing our constructive relationship and are prepared to provide any additional information needed concerning implementation of the Pacific Salmon Treaty.

Submitted by: S. Timothy Wapato, Chairman
Budget Committee
U.S. Section, Pacific Salmon Commission

On Behalf of: U.S. Section, Pacific Salmon Commission

Don W. Collinsworth, Chairman
David Colson, Commissioner
William Wilkerson, Commissioner

John Donaldson, Alternate Commissioner
Guy McMinds, Alternate Commissioner
Ken Parker, Alternate Commissioner

26-Feb-86

U.S. SECTION PACIFIC SALMON COMMISSION
PACIFIC SALMON TREATY IMPLEMENTATION BUDGET - FISCAL YEAR 1987
TOTAL PROGRAM REQUEST
($ x 1000)

CATEGORIES	ADFG	F/AKR	F/AKL	F/NWR	F/NWC	WDF	ODFW	IDFG	COMMERCE TOTAL	USFWS	CRITFC	NWIFC	INTERIOR TOTAL	STATE DEPT.	CATEGORY TOTALS
ADMINISTRATION															
COMM/PANEL	0.0	120.7	0.0	39.2	0.0	0.0	69.1	0.0	229.0	20.0	104.4	75.1	199.5	2256.0	2684.5
TECH. COMM.	0.0	0.0	0.0	19.5	116.2	140.4	70.7	21.5	368.3	40.0	76.9	162.9	279.8	0.0	648.1
COORDINATION	315.9	0.0	0.0	19.5	0.0	41.3	[illegible].6	10.8	426.1	0.0	29.5	171.1	200.6	0.0	626.7
DATA EXCHANGE	82.3	0.0	0.0	0.0	0.0	64.5	49.7	0.0	196.5	50.0	28.8	44.2	123.0	0.0	319.5
ADMIN SUB TOTAL	398.2	120.7	0.0	78.2	116.2	246.2	228.1	32.3	1219.9	110.0	239.6	453.3	802.9	2256.0	4278.8
RESEARCH															
STOCK ID.-GSI	0.0	0.0	398.4	0.0	295.0	270.1	0.0	0.0	963.5	0.0	0.0	87.8	87.8	0.0	1051.3
STOCK ID.-CWT	169.2	0.0	0.0	0.0	0.0	221.2	147.7	222.1	760.2	155.0	0.0	804.0	959.0	0.0	1719.2
STOCK ID. OTHER	262.2	0.0	58.6	0.0	0.0	53.1	0.0	0.0	373.9	0.0	194.3	13.0	207.3	0.0	581.2
STOCK ID. ADULT TAG	1128.0	0.0	404.3	0.0	0.0	0.0	0.0	0.0	1532.3	0.0	0.0	0.0	0.0	0.0	1532.3
STOCK ID. SUB TOTAL	1559.4	0.0	861.3	0.0	295.0	544.4	147.7	222.1	3629.9	155.0	194.3	904.8	1254.1	0.0	4884.0
STOCK MONITORING	678.1	0.0	340.1	0.0	0.0	0.0	159.6	15.8	1193.6	0.0	248.5	259.5	508.0	0.0	1701.6
FISHERY MONITORING	288.5	0.0	40.0	0.0	0.0	0.0	14.9	0.0	343.4	0.0	0.0	0.0	0.0	0.0	343.4
RESEARCH SUB TOTAL	2526.0	0.0	1241.4	0.0	295.0	544.4	322.2	237.9	5166.9	155.0	442.8	1164.3	1762.1	0.0	6929.0
TOTAL	2924.2	120.7	1241.4	78.2	411.2	790.6	550.3	270.2	6386.8 (1,3)	265.0	682.4	1617.6	2565.0 (2)	2256.0	11207.8

(1) ADF&G recommends appropriation of $250,000 for Yukon River Stock Identification in support of current negotiations.

(2) The USFWS recommends appropriation of $145,000 for Yukon River Stock Monitoring in support of current negotiations.

(3) The NMFS recommends funding of $8,000,000 for pre-existing Pacific salmon related programs.

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Alaska Department of Fish and Game
CATEGORY:	Administration
SUBCATEGORY:	Intra- and Inter-agency Coordination: Director's Office Coordinator
TOTAL COST:	$81,500

JUSTIFICATION:

A need exists at the ADF&G headquarters level for a senior biologist to coordinate Treaty-related scientific activities. This project will assist in establishing a program for monitoring and control of the technical quality of fisheries projects needed to fulfill Alaska obligations of the Treaty. A primary responsibility of this position will be to provide for planning and construction of annual Treaty-related budgets for ADF&G's Director of Commercial Fisheries and the Deputy Commissioner for Fisheries. This position will review for scientific content the operational plans and reports of Treaty research programs, and serve on the Commission's Data Committee.

COST BREAKDOWN:

Salaries and Benefits	$67,500
Travel	8,000
Equipment and Supplies	4,000
Publishing and Communications	1,000
Contract Services	1,000
Total	$81,500

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: Alaska Department of Fish and Game

CATEGORY: Administration

SUBCATEGORY: Intra- and Inter-agency Coordination: Management Program Coordination

TOTAL COST: $198,000

JUSTIFICATION:

Implementation of the Treaty will require significant expansion of agency salmon management and research programs, and increased coordination of many of these programs with Canadian programs. Treaty provisions (Articles IV & V, Annex IV and the M.O.U.) also require annual exchange with Canada of pre-season fishery management plans, post-season fishery reports and other fishery and stock information. This component program will provide the primary administrative and technical coordination and suspport to agency administrators to ensure that these Treaty obligations are met. Primary costs of this program provide for a biometrician, an analyst/programmer, and clerical support, and office expansion and associated equipment in the Juneau regional office to accommodate the increase in personnel.

COST BREAKDOWN:

Salaries and Benefits	$170,000
Travel	8,000
Equipment and Supplies	4,500
Publishing and Communications	3,500
Contract Services	12,000
Total	$198,000

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Alaska Department of Fish and Game
CATEGORY:	Administration
SUBCATEGORY:	Intra- and Inter-agency Coordination: Program Management Support
TOTAL COST:	$36,400

JUSTIFICATION:

Funding for this U.S./Canada Program component would be used to cover travel costs associated with research planning and administrative meetings with CDFO personnel in British Columbia, and costs associated with additional office space and supply requirements for the regional office in Juneau. Coordination of research efforts, computer compatibility work, technical support, data exchange, data analysis, and reports preparation would also be conducted under this program.

COST BREAKDOWN:

Salaries and Benefits	$ 0
Travel	12,500
Equipment and Supplies	8,900
Publishing and Communications	5,000
Contract Services	10,000
Total	$36,400

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Alaska Department of Fish and Game
CATEGORY:	Research
SUBCATEGORY:	Data Exchange Network: ADF&G Data Sharing
TOTAL COST:	$82,300

JUSTIFICATION:

The U.S./Canada Treaty includes, in the Memorandum of Understanding, provisions for coordinated stock assessment and data exchange systems between management agencies of the two countries. A need exists to facilitate timely exchange of fisheries management and research data both on an in-seasons and post-season basis. Additional funding is required to expand existing ADF&G data systems and to provide for ADF&G participation in a joint Technical Data Committee established by the Treaty.

COST BREAKDOWN:

Salaries and Benefits	$52,300
Travel	5,000
Equipment and Supplies	15,000
Publishing and Communications	2,000
Contract Services	8,000
Total	$82,300

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Alaska Department of Fish and Game
CATEGORY:	Research
SUBCATEGORY:	Fishery Monitoring: Boundary Area Fishery Monitoring
TOTAL COST:	$21,800

JUSTIFICATION:

Boundary area fishery monitoring will be conducted primarily for the Noyes Island purse seine fishery and the Tree Point/Cape Fox gillnet fishery which must be managed under Treaty-imposed catch limitations (Annex IV, Chapter 2). Transboundary fisheries monitoring will be conducted on fisheries harvesting Alsek, Taku and Stikine stocks. Catch and effort documentation will be conducted in-season to allow adherence to Treaty provisions.

COST BREAKDOWN:

Salaries and Benefits	$ 4,800
Travel	0
Equipment and Supplies	2,000
Publishing and Communications	5,000
Contract Services	10,000
Total	$21,800

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: Alaska Department of Fish and Game

CATEGORY: Research

SUBCATEGORY: Fishery Monitoring: Catch Verification and Fishery Observers

TOTAL COST: $15,000

JUSTIFICATION:

In order to satisfy all concerned that fishing regimes are being implemented on a sound data base, an exchange of observers will be necessary. Travel costs will be incurred to carry out this function. Overflights of fisheries in the Dixon Entrance area to verify effort levels and tageting patterns will be conducted.

COST BREAKDOWN:

Salaries and Benefits	$ 0
Travel	8,000
Equipment and Supplies	0
Publishing and Communications	0
Contract Services	7,000
Total	$15,000

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: Alaska Department of Fish and Game

CATEGORY: Research

SUBCATEGORY: Fishery Monitoring: Chinook Sport Catch Monitoring

TOTAL COST: $65,700

JUSTIFICATION:

The U.S./Canada Pacific Salmon Treaty requires careful monitoring of the Alaskan harvest of chinook salmon. Current funding levels are inadequate to determine the total number of chinook harvested each year by all Southeast Alaska sport fisheries in a timely manner. Increased funding is needed to expand the current survey program to other areas where significant harvest of chinook occurs. Increased funding is also needed to document the effect of increased hatchery enhancement of chinook stocks on Southeast Alaska sport fisheries through existing coded wire tagging studies.

COST BREAKDOWN:

Salaries and Benefits	$44,700
Travel	3,400
Equipment and Supplies	1,000
Publishing and Communications	1,600
Contract Services	15,000
Total	$65,700

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Alaska Department of Fish and Game
CATEGORY:	Research
SUBCATEGORY:	Fishery Monitoring: Chinook Fishery Mortality Estimation
TOTAL COST:	$150,000

JUSTIFICATION:

Monitoring and assessment of incidental and induced fishing mortalities of chinook salmon is required under terms of the U.S./Canada Salmon Treaty. For the Southeast Alaska troll fishery, mortalities of chinook hooked and released during "chinook only" closures, after chinook catch ceilings have been reached and the fleet targets on other species,must be monitored. This will be accomplished by placing ADF&G observers aboard volunteer commercial vessels to record hook and release rates, condition of released fish, fishing techniques and other appropriate information. Additional information will be collected by fishermen via a voluntary log book program. Estimates of total hook and release induced mortalities will be derived.

For the Southeast Alaska purse seine fishery, two types of potential mortalities have been identified for study: (1) small (approx. 3-5 lb.) seine-caught chinook are sometimes sold and processed as pink salmon due to size and poor condition, and hence, are not reported as part of the chinook catch; (2) non-retention (i.e., release) of chinook is being considered as an option for limiting incidental chinook catches in the seine fishery if chinook catches exceed historical levels, or chinook catches by all gear reach established annual catch ceilings; mortalities associated with non-retention must be monitored. Seasonal technicians will sample seine catches for misreported chinook and serve as onboard observers to monitor non-retention mortalities.

COST BREAKDOWN:

Salaries and Benefits	$ 92,000
Travel	4,800
Equipment and Supplies	4,300
Publishing and Communications	1,900
Contract Services	47,000
Total	$150,000

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Alaska Department of Fish and Game
CATEGORY:	Research
SUBCATEGORY:	Fishery Monitoring: Troll Test Fishery Observers
TOTAL COST:	$36,000

JUSTIFICATION:

Under the Treaty, new hatchery production from a region can be added to the base chinook catch ceiling established for that region. This project is designed to collect information on time/area distribution and migratory patters of Alaska hatchery chinook to allow the S.E. Alaska troll fishery to more effectively target on these stocks. This information is needed to provide maximum benefits from Alaska hatchery production while ensuring that Treaty-established base catch ceilings are adhered to.

COST BREAKDOWN:

Salaries and Benefits	$11,500
Travel	7,000
Equipment and Supplies	7,500
Publishing and Communications	0
Contract Services	0
Total	$36,000

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Alaska Department of Fish and Game
CATEGORY:	Research
SUBCATEGORY:	Stock Identification: District 106 Sockeye Stock Separation
TOTAL COST:	$29,300

JUSTIFICATION:

Commercial and test fishing harvests in District 106, a mixed-stock U.S. fishing area for transboundary Stikine River sockeye salmon, will be sampled for scales, ages, sex and sizes in order to establish baseline data for the determination of country of origin. In-season analysis will continue following the collection period to provide managers the information for transboundary river sockeye allocations provided for in the Treaty. Once samples from known origin sockeye escapements are obtained, the information will be reanalyzed to verify the accuracy of in-season estimates.

COST BREAKDOWN:

Salaries and Benefits	$27,700
Travel	700
Equipment and Supplies	600
Publishing and Communications	100
Contract Services	200
Total	$29,300

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: Alaska Department of Fish and Game

CATEGORY: Research

SUBCATEGORY: Stock Identification: District 111 Sockeye Stock Separation

TOTAL COST: $26,800

JUSTIFICATION:

Commercial and test fishing harvests in District 111, a mixed-stock U.S. fishing area for transboundary Taku River sockeye salmon, will be sampled for scales, ages, sex and sizes in order to establish baseline data for the determination of country of origin. In-season analysis will continue following the collection period to provide managers the information for transboundary river sockeye allocations provided for in the Treaty. Once samples from known origin sockeye escapements are obtained, the information will be reanalyzed to verify the accuracy of in-season estimates.

COST BREAKDOWN:

Salaries and Benefits	$25,800
Travel	0
Equipment and Supplies	700
Publishing and Communications	100
Contract Services	200
Total	$26,800

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: Alaska Department of Fish and Game

CATEGORY: Research

SUBCATEGORY: Stock Identification: Sockeye Scale Analysis - Boundary Area

TOTAL COST: $206,100

JUSTIFICATION:

Stock separation studies begun in 1982 will be replicated and expanded to enable allocation of sockeye salmon catches to nation and/or system of origin. A combination of age composition and scale pattern analysis will be used to accomplish this goal. Results of previous analysis has found this technique to be both relatively inexpensive and highly accurate in determining interception rates, and for discrete stock management to fulfill U.S.-Canada Treaty obligations.

Expenditures for this program will cover sampling sockeye salmon for age, sex, and size data in fisheries suspected of harvesting both U.S. and Canadian fish, including fisheries in Districts 101, 102, 104, 106, and 108. Age, sex, and size data will also be taken from sockeye salmon escapements to provide a known data base for the analysis.

COST BREAKDOWN:

Salaries and Benefits	$171,900
Travel	15,400
Equipment and Supplies	11,500
Publishing and Communications	1,500
Contract Services	5,800
Total	$206,100

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Alaska Department of Fish and Game
CATEGORY:	Research
SUBCATEGORY:	Stock Identification: Coded-wire Tag Analysis
TOTAL COST:	$55,400

JUSTIFICATION:

The project would fund 12 mm of Biometrician II to employ existing methodology and/or to develop new statistical methods for application to problems of estimating the contribution of coded-wire tagged releases of all salmon species and the variance associated with these estimates, develop tagging and port sampling guidelines and goals in order to maximize the precision and minimize the biases of these estimates, and compile and publish reports which document Southeastern Alaska's coded-wire tag recovery effort. He would also provide statistical expertise to the U.S./Canada Treaty Technical Committee regarding Alaska's hatchery contribution to the commercial fisheries, and to Transboundary River chinook and coho salmon coded-wire tagging projects and projects designed to estimate escapement levels.

COST BREAKDOWN:

Salaries and Benefits	$55,400
Travel	0
Equipment and Supplies	0
Publishing and Communications	0
Contract Services	0
Total	$55,400

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Alaska Department of Fish and Game
CATEGORY:	Research
SUBCATEGORY:	Stock Identification: Chinook and Coho Micro-wire Tag and Recovery
TOTAL COST:	$93,800

JUSTIFICATION:

Little is known about the origins, migratory patterns, run timing and harvest rates of commercial chinook and coho salmon harvests in S.E. Alaska relative to Transboundary River Treaty considerations. It is proposed to micro-wire tag rearing fingerlings and smolts in the Alsek, Taku, and Stikine Rivers and to conduct region-wide mark recovery catch sampling in the fisheries and cold storages to obtain the required data.

COST BREAKDOWN:

Salaries and Benefits	$71,800
Travel	3,000
Equipment and Supplies	11,000
Publishing and Communications	1,000
Contract Services	7,000
Total	$93,800

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Alaska Department of Fish and Game
CATEGORY:	Research
SUBCATEGORY:	Stock Identification: Chinook CWT Decoding
TOTAL COST:	$100,000

JUSTIFICATION:

Additional funding will be required to perform increased sampling for chinook coded-wire tags and decoding of these tags to more finely identify distribution of hatchery stocks in the troll fishery, and to document Alaskan hatchery contribution to Southeastern fisheries. These activities will require that high tagging rates and high sampling rates be maintained with increasing numbers of hatchery fish. Additionally, increased sport fish catch sampling to document catch levels and recover tags will be established. Finally, the large increase in tags recovered will require increased personnel to decode tags and handle data.

COST BREAKDOWN:

Salaries and Benefits	$ 57,400
Travel	0
Equipment and Supplies	24,600
Publishing and Communications	1,000
Contract Services	17,000
Total	$100,000

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: Alaska Department of Fish and Game

CATEGORY: Research

SUBCATEGORY: Stock Identification: Pink and Chum Salmon Tagging Program

TOTAL COST: $948,000

JUSTIFICATION:

Pink and chum tagging activities, which will actually begin on June 1, 1987 utilizing FY 86 funding, will continue at Noyes Island, Tree Point, lower Clarence Strait, and upper Clarence Strait from July 1, 1987 through September 15, 1987 at all four release locations. Random tag recovery activities will also start on July 1, 1987 through port sampling of commercial fisheries catches, while in-stream tag recovery will commence on July 15, 1987. Port sampling activities will end on September 30, 1987 and in-stream tag recovery work will continue through October 31, 1987. The objectives of this project will be to determine the areas of origin, migration routes, and interception rates for pink and chum salmon relative to the U.S./Canada interception treaty.

A total of three chartered purse seine vessels will be used to capture pink and chum salmon, with spaghetti tags employed for tagging captured fish. Several weirs, an extensive in-stream tag recovery program, and a large scale random commercial fishery tag recovery program in Alaskan Districts 101-108 will be utilized to maximize tag returns in Southeastern Alaska.

Similar cooperative cooperative studies with Canada have been ongoing since 1982.

COST BREAKDOWN:

Salaries and Benefits	$467,500
Travel	8,500
Equipment and Supplies	57,500
Publishing and Communications	4,500
Contract Services	410,000
Total	$948,000

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Alaska Department of Fish and Game
CATEGORY:	Research
SUBCATEGORY:	Stock Identification: Vessel Support
TOTAL COST:	$100,000

JUSTIFICATION:

State vessels would be used for program support, e.g., transporting weir materials and supplies, transporting and housing sampling crews, transporting housing stream survey personnel, etc. There are no state funds available for this purpose.

COST BREAKDOWN:

Salaries and Benefits	$ 43,000
Travel	1,000
Equipment and Supplies	46,000
Publishing and Communications	500
Contract Services	9,500
Total	$100,000

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Alaska Department of Fish and Game
CATEGORY:	Research
SUBCATEGORY:	Stock Monitoring: Stikine River Test Fishing and Sampling
TOTAL COST:	$132,200

JUSTIFICATION:

Transboundary river Treaty allocation agreements will require the determination of country-of-origin escapements, by species, spawner distribution, and migration timing. Spawning populations of salmon entering the Stikine river will be determined via in-river test fishing to provide in-season and post-season abundance information for management purposes, and biological sampling of commercial (Canadian) catches (scales, eggs, brain and tissue samples) to provide for stock separation evaluations.

COST BREAKDOWN:

Salaries and Benefits	$114,400
Travel	1,800
Equipment and Supplies	11,000
Publishing and Communications	1,000
Contract Services	4,000
Total	$132,200

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Alaska Department of Fish and Game
CATEGORY:	Research
SUBCATEGORY:	Stock Monitoring: Taku River Escapement
TOTAL COST:	$66,600

JUSTIFICATION:

Transboundary river Treaty allocation agreements will require the determination of country-of-origin escapements, by species, spawner distribution, and migration timing. Mark and recapture techniques are used to estimate the escapement to the Taku River drainage. Salmon are captured in fishwheels at Canyon Island on the Taku River. The fish are tagged, released, and recovered upstream in a Canadian gillnet fishery, and on the spawning grounds.

COST BREAKDOWN:

Salaries and Benefits	$30,500
Travel	0
Equipment and Supplies	14,900
Publishing and Communications	1,200
Contract Services	20,000
Total	$66,600

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Alaska Department of Fish and Game
CATEGORY:	Research
SUBCATEGORY:	Stock Monitoring: Pink Salmon Total Escapement and Stream Life Studies
TOTAL COST:	$200,000

JUSTIFICATION:

As part of the joint U.S./Canada salmon research studies, estimates of total pink salmon escapements to Southeastern Alaska streams are required to calculate total numbers of tagged fish reaching spawning systems for use in the contribution rate analysis. Due to the large number of pink salmon spawning streams in Southeast, it has not been feasible to enumerate total annual escapement into each system by means of weirs, electronic counters, etc. This study will provide annual estimates of total pink salmon escapements to streams by providing annual stream life estimates, and aerial and foot observer calibration, and will provide valuable in-season run timing information via daily sex ratio sampling at each weir location. The information will be used to enhance in-season management, and post-season evaluation of management strategies, and help improve estimates of optimum escapement.

COST BREAKDOWN:

Salaries and Benefits	$ 89,400
Travel	19,800
Equipment and Supplies	44,600
Publishing and Communications	1,200
Contract Services	45,000
Total	$200,000

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Alaska Department of Fish and Game
CATEGORY:	Research
SUBCATEGORY:	Stock Monitoring: Snettisham Sockeye Weirs
TOTAL COST:	$64,400

JUSTIFICATION:

Weirs would be installed across the outlets of Crescent and Speel Lakes to determine sockeye escapements and to take biological samples for ages, sizes and sex. Objectives would be to provide escapement information (timing and magnitude) for in-season management applications; to establish a data base for stock identification fo the Taku Inlet-Snettisham Inlet gillnet harvests; and to provide needed information for assessing current management strategies and establishing escapement goals.

COST BREAKDOWN:

Salaries and Benefits	$31,400
Travel	0
Equipment and Supplies	19,000
Publishing and Communications	1,000
Contract Services	13,000
Total	$64,400

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Alaska Department of Fish and Game
CATEGORY:	Research
SUBCATEGORY:	Stock Monitoring: Coastwide Chinook Biometrician
TOTAL COST:	$80,900

JUSTIFICATION:

A coastwide chinook biometrician is needed to provide full participation by Alaska in coastwide chinook salmon management and research activities organized under the Treaty. This participation relates first to management and research on Southeast Alaska stocks as their management relates to Treaty provisions, and second to management and research on non-Alaska chinook stocks which are harvested to some degree in Southeast Alaska fisheries and are also subject to the Treaty.

COST BREAKDOWN:

Salaries and Benefits	$65,100
Travel	2,700
Equipment and Supplies	9,500
Publishing and Communications	1,000
Contract Services	2,600
Total	$80,900

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Alaska Department of Fish and Game
CATEGORY:	Research
SUBCATEGORY:	Stock Monitoring: S.S.E. Alaska Sockeye Weirs
TOTAL COST:	$134,000

JUSTIFICATION:

Little documentation of escapement levels to Southern Southeastern Alaska sockeye systems has been accomplished in recent years. Information related to the magnitude and timing of the escapements is essential to the estimation of production potential of these stocks. Aerial and foot surveys are inefficient means of enumerating sockeye salmon escapements, due to the lake spawning characteristics of this species, and cannot be relied upon to provide accurate data. Therefore, weirs are proposed to satisfy this need for reliable stock status information that may be used in relation to U.S./Canada Treaty allocations and special management actions.

This proposal suggests the establishment of weirs on 4-5 major sockeye systems in Southern Southeastern Alaska to document stock status. These weirs would also serve as collection sites for AWL and scale data for baseline stock separation data.

COST BREAKDOWN:

Salaries and Benefits	$ 75,000
Travel	5,000
Equipment and Supplies	29,000
Publishing and Communications	1,000
Contract Services	24,000
Total	$134,000

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: National Marine Fisheries Service (Northwest Region)

CATEGORY: Administration

SUBCATEGORY: Commission and Panel Activities

TOTAL COST: $39,200

JUSTIFICATION:

Provide U.S. Section staff for the Southern area of the Pacific Salmon Commission. Staff all U.S. Section Commission and Panel meetings. Coordinate the functions of the U.S. Section of the Fraser Panel, Southern Panel, as well as the Southern two members of the Commission.

Provide administrative support services to the U.S. Section southern area for preparing, typing, reproducing and distributing meeting agendas, minutes, budget documents, technical reports and other documents.

The U.S. Section Southern Coordinator will also serve as the Grants Office Technical Monitor (GOTM) for the Washington, Oregon, and Idaho Management Administration grants ($375,700 FY 86).

COST BREAKDOWN:

Salaries and Benefits	$33,200
Travel	2,000
Equipment and Supplies	3,500
Publishing and Communications	250
Personal and Contract Services	250
Total	$39,200

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	National Marine Fisheries Service (Northwest Region)
CATEGORY:	Administration
SUBCATEGORY:	Technical and other committees
TOTAL COST:	$19,500

JUSTIFICATION:

Provide U.S. Section staff for the southern area of the Pacific Salmon Commission. Staff Commission executive committees such as budget, transition, etc. Coordinate all U.S. technical committee activities.

Provide administrative support services to the U.S. Section southern area for preparing, typing, reproducing and distributing meeting agendas, minutes, budget documents, technical reports and other documents.

COST BREAKDOWN:

Salaries and Benefits	$16,500
Travel	1,000
Equipment and Supplies	1,750
Publishing and Communications	125
Personal and Contract Services	125
Total	$19,500

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	National Marine Fisheries Service (Northwest Region)
CATEGORY:	Administration
SUBCATEGORY:	Intra and Inter-Agency Coordination
TOTAL COST:	$19,500

JUSTIFICATION:

Provide U.S. Section staff for the southern area of the Pacific Salmon Commission. Serve as a central focus for the U.S. Section on all issues. Assist in the development of U.S. Section strategies, policy, budget, and overall direction.

Provide administrative support services to the U.S. Section southern area for preparing, typing, reproducing and distributing meeting agendas, minutes, budget documents, technical reports and other documents.

COST BREAKDOWN:

Salaries and Benefits	$16,500
Travel	1,000
Equipment and Supplies	1,750
Publishing and Communications	125
Personal and Contract Services	125
Total	$19,500

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	National Marine Fisheries Service (Alaska Region)
CATEGORY:	Administration
SUBCATEGORY:	Commission and Panel Activities
TOTAL COST:	$120,700

JUSTIFICATION:

The Alaska member of the Commission and the Chairman of the Northern Panel must facilitate and coordinate the functions of the U.S. Section of the Northern Panel during the interim periods between meetings with the U.S. Section of the Southern Panel and bilateral meetings with Canadian counterparts. This responsibility includes information and data gathering, analysis, dissemination to panel members, sponsoring local meetings, and program and policy development relative to salmon interests vital to the northern area. The above functions will be performed by the Alaska Department of Fish and Game under a cooperative agreement ($90,000).

The Alaska Region (F/AKR) will administer the above grant and serve as COTR for the $3,350,000 (federal share) of the Alaska salmon enhancement effort and $709,800 for the ADF&G Mgt/Res item ($27,200).

COST BREAKDOWN:

Salaries and Benefits	$ 15,100
Travel	10,000
Equipment and Supplies	4,700
Publishing/Communications	900
Grant to State of Alaska	90,000
Total	$120,700

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	National Marine Fisheries Service Northwest and Alaska Fisheries Center, REFM
CATEGORY:	Management and Administration Program
SUBCATEGORY:	Technical Committees
TOTAL COST:	$116,200

JUSTIFICATION:

Federal representation on technical committees will require knowledge of various data series and the development/review of technical research reports. In addition, technical oversight of federal research conducted under the Treaty will be provided.

COST BREAKDOWN:

Personnel (3 Positions)	$116,200
Travel	0
Supplies and Equipment	0
Total	$116,200

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	National Marine Fisheries Service Northwest and Alaska Fisheries Center, CZES
CATEGORY:	Research Genetic Stock Identification of Chinook
SUBCATEGORY:	Stock Identification and Fishery Monitoring
TOTAL COST:	$295,000

JUSTIFICATION:

The U.S./Canada Treaty outlines a number of ocean fishery management commitments in Annex IV which require development and use of genetic stock identification (GSI) and other new stock identification tools. Key U.S./Canadian management needs for developing coastwide chinook salmon management require: (1) evaluation of harvest limitation programs designed to minimize impacts on weak stocks, and (2) annual U.S./Canadian interception estimates based upon actual systematic fishery sampling rather than simulated or theoretical approaches. The Agreed Minute in Annex IV further provides for specific evaluation of the potential for in-season management.

Genetic stock identification is a valuable tool to fill this evaluation and accounting void. This method of stock identification is based on electrophoretically detectable genetic differences of enzymes whose frequencies differ between stocks. The GSI uses these differences between stocks to estimate their contributions to mixed stock fisheries. The GSI is unique in providing a comprehensive view of the contributions of both hatchery and wild stocks and to provide in-season management of mixed fisheries.

Funding at this level will continue GSI chinook work at the same level as in 1986 and would preclude expansion of GSI capability to British Columbia fishing areas where large interceptions of southern U.S. stocks occur.

COST BREAKDOWN:

Salaries and Benefits	$249,000
Travel	3,000
Equipment and Supplies	33,000
Contract Services	10,000
Total	$295,000

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: Auke Bay Laboratory, NWAFC, NMFS

CATEGORY: Research

SUBCATEGORY: Stock Identification - Northern Boundary Area Data Base Management and Tagging Analysis

TOTAL COST: $286,100

JUSTIFICATION:

The U.S./Canada Treaty includes, in the Memorandum of Understanding, provisions for coordinated stock assessment and data exchange between the management and research agencies of the two countries. Timely exchange of research data between the U.S. and Canada is required for the northern area tagging projects. This project provides funds to support data base management and biometrics analysis of tagging and stock studies.

Cooperative studies with Canada and the State of Alaska will continue in 1987 in the Northern Boundary area to determine interception rates on pink and chum salmon. A large-scale joint tagging project is planned for 1987. This project provides the required support for data management and tagging data analysis to report on U.S. and Canadian stock interceptions.

COST BREAKDOWN:

Salaries and Benefits	$226,100
Travel	18,000
Equipment and Supplies	14,000
Publishing/Communications	2,000
Contract Services	26,000
Total	$286,100

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: Auke Bay Laboratory, NWAFC, NMFS

CATEGORY: Research

SUBCATEGORY: Stock Monitoring - Transboundary Rivers: Spawning Escapement and Distribution

TOTAL COST: $290,100

JUSTIFICATION:

Transboundary river Treaty allocation agreements require determination of escapement goals by species and country-of-origin, information on spawner distribution, migration timing, and evaluation of enhancement programs that impact natural salmon production (Treaty Annex IV, Chapter 1). Information is generally lacking to make these determinations.

The Transboundary Rivers are large systems with relatively poor access. Locating and observing salmon in the rivers is difficult due to tannic runoff or suspended sediment from glacial activity. Because of these conditions, radio telemetry is a useful technique for obtaining information related to the distribution and movement rates of salmon within the river systems, and locating areas important for spawning; information that would be difficult to obtain using more conventional methods. Telemetry studies in 1984, 1985, and 1986, including control-led tests that evaluated telemetry equipment, indicate that this research approach is effective in obtaining needed information.

Studies are proposed to determine coho salmon distribution, migration timing and spawning ground location in the Stikine River (the Taku River is an alternative site) using radio telemetry techniques. As spawning areas are located and defined, biological sampling for stock identification will also be conducted.

COST BREAKDOWN:

Salaries and Benefits	$145,200
Travel	18,000
Equipment and Supplies	76,900
Publishing/Communications	1,000
Contract Services	49,000
Total	$290,100

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

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AGENCY:	Auke Bay Laboratory, NWAFC, NMFS
CATEGORY:	Research
SUBCATEGORY:	Stock Monitoring - Transboundary Rivers: Capture Methods for Enumerating Escapements
TOTAL COST:	$50,000

JUSTIFICATION:

Estimates of numbers of spawners escaping during fishing seasons are critical for management of transboundary river salmon. This allows adjustment of exploitation based on pre-season expections to accommodate actual returns and desired escapement (Annex IV, Chapter 1). Excess can be harvested and low returns protected. Present pre-season forecasts and post-season indices and estimates cannot serve this function.

This project will evaluate methods for obtaining representative samples of spawner escapements in the lower portions (U.S. waters) of the transboundary rivers for the purposes of estimating escapements and spawning distribution. Techniques to be evaluated include seines, gill nets, and traps. This methodology combined with biological stock sampling is critical to evaluating the proportion of the escapement that spawns in the U.S. portion of the transboundary rivers. The methodology developed will improve our ability to sample and estimate escapements. Individuals can be sampled from all stocks, regardless of location of stocks in the rivers. Temporal stock composition of returns of each species is inferred from biological sampling -- scales, tissues, and parasites -- and radio tagging studies. Independence of location is essential for coho and chum salmon. Significant numbers of these species spawn below as well as above capture/index sites presently used.

COST BREAKDOWN:

Salaries and Benefits	$10,000
Travel	2,500
Equipment and Supplies	19,000
Publishing/Communications	500
Contract Services	18,000
Total	$50,000

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: Auke Bay Laboratory, NWAFC, NMFS

CATEGORY: Research

SUBCATEGORY: Stock Identification - Northern Boundary Area Project Management

TOTAL COST: $118,200

JUSTIFICATION:

Identifying the stocks present in interception fisheries is an important requirement of the Treaty. Management of fisheries in the northern boundary area and transboundary rivers requires methods of stock identification that provide information on the country of origin of salmon caught. This component project provides senior scientist management and reporting for the NMFS/ABL stock identification studies that are conducted in cooperation with the State of Alaska and Canada.

COST BREAKDOWN:

Salaries and Benefits	$ 80,500
Travel	3,200
Equipment and Supplies	0
Publishing/Communications	500
Contract Services	34,000
Total	$118,200

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Auke Bay Laboratory, NWAFC, NMFS
CATEGORY:	Research
SUBCATEGORY:	Stock Identification - Northern Boundary Area Laboratory and Data Analysis
TOTAL COST:	$255,800

JUSTIFICATION:

Electrophoresis has proven to be a very useful tool in stock identification of sockeye, chum, and chinook salmon. Preliminary results suggest that electrophoresis may also be useful for identifying stocks of coho and pink salmon. In order to use this stock identification method in Alaska, we need a regional capability in this field.

A cooperative genetics laboratory is to be established in FY 1986 at the Auke Bay Laboratory. This component project provides support for this laboratory and staff to continue in FY 1987. This genetics laboratory specializes in electrophoretic work and is a cooperative operation with the University of Alaska's School of Fisheries and Sciences, Alaska Department of Fish and Game, and the Auke Bay Fisheries Laboratory. This facility will eventually provide stock information on all five species of Pacific salmon.

COST BREAKDOWN:

Salaries and Benefits	$195,800
Travel	10,000
Equipment and Supplies	43,000
Publishing/Communications	1,000
Contract Services	6,000
Total	$255,800

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Auke Bay Laboratory, NWAFC, NMFS
CATEGORY:	Research
SUBCATEGORY:	Stock Identification - Northern Boundary Area Sockeye and Chinook Stock Evaluation
TOTAL COST:	$34,100

JUSTIFICATION:

Sockeye salmon from British Columbia are known to be intercepted in mixed stock fisheries in Alaska at Noyes Island, Tree Point, and upper Clarence Straits. However, the rate of interception probably varies with time and location of the fishery. A combination of electrophoretic and parasite indicator methods has been shown to be of value in identifying stock composition in these fisheries. We propose to concentrate efforts on the Noyes Island fishery and obtain weekly samples during the fishery to assess the interception of Canadian stocks over time.

In order to assess stock composition of chinook salmon in various mixed-stock fisheries in Alaska using electrophoresis, emphasis has to be placed on base-line data. Some base-line data is available, but it is inadequate for use in analysis of stock composition in mixed-stock fisheries. Therefore, we propose to initiate collections of tissue samples on the spawning grounds. In this first year, we will collect samples from various tributaries of the transboundary rivers - Alsek, Stikine, and Taku Rivers.

COST BREAKDOWN:

Salaries and Benefits	$ 8,600
Travel	6,600
Equipment and Supplies	4,000
Publishing/Communications	500
Contract Services	14,400
Total	$34,100

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Auke Bay Laboratory, NWAFC, NMFS
CATEGORY:	Research
SUBCATEGORY:	Stock Identification - Northern Boundary Area Chum Salmon Baseline Data
TOTAL COST:	$108,500

JUSTIFICATION:

The treaty specifically discusses the conservation problem with Portland Canal chum salmon stocks (Annex IV, Chapter 1). Actually, the conservation problem extends as well to stocks of chum salmon in Behm Canal, Boca De Quadra, and Northern British Columbia. Identification of these stocks in mixed fisheries is essential in order to reduce their interecption. A preliminary genetic study in Alaska in 1984 using eletrophoresis indicated that this technique may provide the necessary resolution to identify these stocks of concern. Canadian biologists completed their base-line genetic data for both northern and southern British Columbia in 1984 and 1985. Mixed-stock fisheries in southern British Columbia were successfully managed using this data in 1985.

In 1986, we plan to substantially add to the base-line data for Alaska by sampling on the spawning grounds of approximately 24 streams. Spawning areas in streams in Behm Canal, Boca De Quadra, and Portland Canal are far upstream in remote areas. Helicopters will be generally used to obtain the necessary tissue samples for electrophoresis. In 1987, we propose to complete the base-line data for chum salmon and begin analysis of stock composition in mixed-stock fisheries.

COST BREAKDOWN:

Salaries and Benefits	$ 46,700
Travel	12,300
Equipment and Supplies	8,000
Publishing/Communications	500
Contract Services	41,000
Total	$108,500

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Auke Bay Laboratory, NWAFC, NMFS
CATEGORY:	Research
SUBCATEGORY:	Stock Identification - Northern Boundary Area District 106 Sockeye Stock Catch In-Season Using Parasites
TOTAL COST:	$11,600

JUSTIFICATION:

The fishery in Alaska District 106 is known to catch sockeye salmon bound for the Stikine River, Nass and Skeena Rivers in British Columbia and many small local lake-systems in southeast Alaska. It is also known that these different stocks pass through the fishery at different times.

We propose to attempt to identify the stock composition within each weekly fishing period during the season. A combination analysis using scale pattern analysis and parasite analysis from the same fish will be used. The Alaska Department of Fish and Game will provide the scale analysis and the Auke Bay Fisheries Laboratory will perform the parasite analysis.

COST BREAKDOWN:

Salaries and Benefits	$ 5,000
Travel	2,600
Equipment and Supplies	1,000
Publishing/Communications	0
Contract Services	3,000
Total	$11,600

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Auke Bay Laboratory, NWAFC, NMFS
CATEGORY:	Research
SUBCATEGORY:	Stock Identification - Northern Boundary Area Coho Regional Characteristics
TOTAL COST:	$47,000

JUSTIFICATION:

Information is particularly sparse on the location and abundance of spawning populations of coho salmon in Southeast Alaska and northern British Columbia. It is very likely that major interceptions occur on both sides of the boundary. In addition, the transboundary rivers - Stikine, Taku, and Alsek - are known to be major producers of coho salmon. We propose to identify ten major coho salmon systems in southeast Alaska and gather basic information on stock characteristics. We propose to analyze scales, parasites, and tissues (eletrophoresis) in order to describe stock differences. In addition, we plan to test the feasibility of using elemental composition of nuclear area of scales and otoliths as a stock differentiation method.

COST BREAKDOWN:

Salaries and Benefits	$ 19,000
Travel	4,000
Equipment and Supplies	3,000
Publishing/Communications	0
Contract Services	21,000
Total	$ 47,000

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Auke Bay Laboratory, NWAFC, NMFS
CATEGORY:	Research
SUBCATEGORY:	Fishery Monitoring - Northern Boundary Area Chinook Salmon Incidental Hooking Mortality
TOTAL COST:	$40,000

JUSTIFICATION:

Monitoring and assessment of incidental and induced fishing mortalities of chinook salmon is required under terms of the U.S./Canada Salmon Treaty. This project complements and expands the range of mortality estimations by the State of Alaska in the Southeast Alaska troll fishery. A reasonable estimate of hooking mortality is needed to assess the losses of sublegal fish during chinook salmon fishing and to estimate losses of both sublegal and legal fish during coho-only fishing periods. This project is the second year of (1986 was the first year) net pen studies to determine short-term (1-5 day) mortality of chinook salmon caused by hooking injuries; associate mortality rate to the qualitative classifications of the ADF&G troll observer program; and compare mortality of legal and sublegal fish following hooking and release.

COST BREAKDOWN:

Salaries and Benefits	$ 1,000
Travel	700
Equipment and Supplies	12,500
Publishing/Communications	500
Contract Services	25,300
Total	$40,000

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

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AGENCY:	Washington Department of Fisheries (WDF)
CATEGORY:	Administration
SUBCATEGORY:	Technical Committee Activities
TOTAL COST:	$140,000

JUSTIFICATION:

Provides for WDF support to participate in and contribute to joint technical activities required in Annex IV of the U.S./Canada Pacific Salmon Treaty (PST). Represents WDF technical involvement with chinook, chum, and coho.

COST BREAKDOWN:

Salaries and Benefits	$120,818
Travel	16,000
Equipment and Supplies	1,800
Publishing/Communications	1,782
Contracts, Leases, Purchased Services	0
Total	$140,400

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: Washington Department of Fisheries (WDF)

CATEGORY: Administration

SUBCATEGORY: Intra- and Inter-agency Coordination

TOTAL COST: $41,300

JUSTIFICATION:

Coordinate agency participation in all aspects of Pacific Salmon Commission work areas, i.e., Commission, Panels, Technical Committees, Data Committee, and all federal, tribe, and state meetings associated with PSC activities. This activity area includes travel support not covered through State Department funds.

COST BREAKDOWN:

Salaries, Benefits and Overhead	$30,249
Travel	10,000
Equipment and Supplies	736
Publishing/Communications	315
Personal and Contract Services	0
Total	$41,300

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Washington Department of Fisheries (WDF)
CATEGORY:	Administration
SUBCATEGORY:	Data Exchange
TOTAL COST:	$64,500

JUSTIFICATION:

Successful implementation of the Treaty depends on adequate collection, dissemination and analysis of a large volume of fisheries data. Treaty Annex IV specifically requires collection, sharing, and analysis of information necessary for preparation of annual stock status reports and pre-season management recommendations. Requested support provides for WDF's key contribution in this area.

COST BREAKDOWN:

Salaries and Benefits	$45,409
Travel	2,000
Equipment and Supplies	1,600
Publishing/Communications	15,491
Personal and Contract Services	0
Total	$64,500

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Washington Department of Fisheries (WDF)
CATEGORY:	Research
SUBCATEGORY:	Stock Identification - Genetic Stock Identification (GSI)
TOTAL COST:	$125,000

JUSTIFICATION:

Effective and reliable pre- and in-season salmon management is dependent upon identifying salmon stocks in mixed fisheries. This GSI project supports key stock separation efforts in areas where interceptions or total stock composition of a specific fishery are primary questions. An example is the need to identify region-of-origin contributions to Strait of Juan de Fuca and north Puget Sound chum fisheries, thereby complimenting similar efforts in Canadian areas. Funding of this project is necessary to meet the terms of reference in Treaty Annex IV and the general Agreed Minute.

COST BREAKDOWN:

Salaries and Benefits	$ 46,067
Travel	6,250
Equipment and Supplies	34,993
Publishing/Communications	5,145
Personal and Contract Services	32,545 1/
Total	$125,000

1/ Includes 12 m/m Scientific Tech. via agreement with PMFC.

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Washington Department of Fisheries (WDF)
CATEGORY:	Research
SUBCATEGORY:	Stock Identification - Fishery Sampling (GSI, SPA)
TOTAL COST:	$145,100

JUSTIFICATION:

This fishery sampling project provides direct support for stock identification efforts other than CWT, with particular emphasis on genetic stock identification during FY-87. The collection of tissues for baseline and mixed fishery analysis involves specific sampling regimes to maintain quality data collection. Funds will support coordination and standardization of statewide sampling activities, as well as development of fishery stock composition estimates. Funding is necessary to meet provisions of Treaty Annex IV and the general Agreed Minute.

COST BREAKDOWN:

Salaries, Benefits and Overhead	$ 90,964
Travel	6,000
Equipment and Supplies	3,021
Publishing/Communications	3,021
Contracts, Leases, Purchased Services	42,094[2]
Total	$145,100

[2] Includes 21 m/m Scientific Tech. via agreement with PMFC.

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Washington Department of Fisheries (WDF)
CATEGORY:	Research
SUBCATEGORY:	Stock Identification - Coded-Wire Tag (CWT) Application
TOTAL COST:	$173,900

JUSTIFICATION:

The application of CWT's to juvenile releases of key indicator stocks is the major technical approach for estimating annual harvest rates of individual salmon stocks, thereby providing an audit function for annual treaty management plans. Additional tagging effort is required for a variety of regions and stocks not currently tagged, with Puget Sound chinook being a primary emphasis. Expanded tagging is necessary to meet terms of Treaty Annex IV.

COST BREAKDOWN:

Salaries, Benefits and Overhead	$ 44,220
Travel	10,500
Equipment and Supplies	65,948
Publishing/Communications	6,654
Contracts, Leases and Purchased Services	46,578[3/]
Total	$173,900

[3/] Includes temporary fish markers on contract.

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: Washington Department of Fisheries (WDF)

CATEGORY: Research

SUBCATEGORY: Stock Identification - Laboratory Recovery, CWT

TOTAL COST: $47,300

JUSTIFICATION:

This funding increment is required to meet management planning and evaluation schedules identified for the Treaty. WDF's current funding for CWT lab recovery is insufficient to meet schedules to provide year-end recovery data to technical committees. Therefore, funding is needed to meet provisions of Annex IV.

COST BREAKDOWN:

Salaries, Benefits and Overhead	$45,637
Travel	400
Equipment and Supplies	417
Publishing/Communications	429
Contracts, Leases, Purchased Services	417
Total	$47,300

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Washington Department of Fisheries (WDF)
CATEGORY:	Research
SUBCATEGORY:	Stock Identification - Scale Pattern Analysis (SPA)
TOTAL COST:	$53,100

JUSTIFICATION:

Effective and reliable pre- and in-season salmon management is dependent upon identifying salmon stocks that occur in mixed fisheries. This SPA project supports stock separation of hatchery and wild chinook and other species (e.g., sockeye) as required. Refined management of wild stocks in mixed fisheries, including terminal or pre-terminal areas, is essential to compliment conservation and rebuilding programs. Funding is necessary to meet provisions of Treaty Annex IV and the general Agreed Minute. Improved run forecasting is a primary objective.

COST BREAKDOWN:

Salaries and Benefits	$42,739
Travel	2,000
Equipment and Supplies	2,676
Publishing/Communications	2,759
Personal and Contract Services	2,926
Total	$53,100

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: Oregon Department of Fish and Wildlife

CATEGORY: Administration

SUBCATEGORY: Commission and Panel Activities

TOTAL COST: $69,100

JUSTIFICATION:

Oregon Department of Fish and Wildlife requires additional administrative support for staff work generated by Treaty provisions. Work to be performed includes: staff briefings and activities in preparation for, and in response to, actions taken at meetings of the Commission, Panels, and Technical Committees; and for related clerical duties.

COST BREAKDOWN:

Salaries and Benefits	$50,000
Travel	12,000
Equipment and Supplies	7,000
Publishing and Communications	100
Contract Services	0
Total	$69,100

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Oregon Department of Fish and Wildlife
CATEGORY:	Administration
SUBCATEGORY:	Technical Committees
TOTAL COST:	$70,700

JUSTIFICATION:

ODFW is assigning staff to comply with Treaty requirements as follows: full time participation on chinook technical team, part-time on coho technical team; part-time staff work to develop data and perform technical analyses. The work to be performed includes: evaluation of management measures based on catch, effort, escapement, and stock size data for relevant chinook and coho stocks; coordinate comprehensive planning with respect to Treaty provisions to rebuild stocks so that agreed-upon catch allocations and escapement goals are met.

COST BREAKDOWN:

Salaries and Benefits	$61,000
Travel	3,000
Equipment and Supplies	6,000
Publishing and Communications	700
Contract Services	0
Total	$70,700

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Oregon Department of Fish and Wildlife
CATEGORY:	Administration
SUBCATEGORY:	Data Exchange
TOTAL COST:	$49,700

JUSTIFICATION:

ODFW must expand its data services to comply with the Treaty's Memorandum of Understanding on data sharing. With respect to chinook stocks originating in Oregon, and to some extent with Oregon's coho stocks, ODFW needs to provide data and information on a more timely basis and with a greater degree of accuracy to meet Treaty provisions. The work to be performed includes more rapid exchange of management data and related information with other agencies and organizations; and improved communications with staff, user groups, and the public of Treaty-related activities affecting Oregon chinook and coho stocks.

COST BREAKDOWN:

Salaries and Benefits	$33,000
Travel	9,000
Equipment and Supplies	4,700
Publishing and Communications	3,000
Contract Services	0
Total	$49,700

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Oregon Department of Fish and Wildlife
CATEGORY:	Research
SUBCATEGORY:	Stock Identification - CWT
TOTAL COST:	$147,000

JUSTIFICATION:

For coded-wire tagging (CWT) activities ODFW must expand efforts on Treaty-affected stocks, both hatchery and wild with increased fishery sampling and other marked fish recovery programs; as well as follow-up work to dissect and decode recovered tags and disseminate tag data.

COST BREAKDOWN:

Salaries and Benefits	$84,500
Travel	12,000
Equipment and Supplies	50,000
Publishing and Communications	1,200
Contract Services	0
Total	$147,700

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Oregon Department of Fish and Wildlife
CATEGORY:	Research
SUBCATEGORY:	Stock Monitoring
TOTAL COST:	$159,600

JUSTIFICATION:

ODFW requires funding support to comply with Traty provisions relative to monitoring and evaluating stocks in mixed stock fisheries, or in situations where fishery data are inadequate or unobtainable, and to improve assessments of spawning escapements. The agency intends to expand three primary activity areas to meet Treaty requirements:

1. Establish an indicator stock for naturally-spawning Oregon coastal fall chinook;
2. Improve accounting of Oregon coastal fall chinook spawning escapements, and
3. Monitor interceptions of four major production units of chinook stocks originating in Oregon (Columbia River tule fall chinook, Willamette River spring chinook, upper Columbia spring chinook [produced in NE Oregon streams], and coastal fall chinook).

COST BREAKDOWN:

Salaries and Benefits	$ 88,000
Travel	10,000
Equipment and Supplies	61,600
Publishing and Communications	0
Contract Services	0
Total	$159,600

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: Oregon Department of Fish and Wildlife

CATEGORY: Research

SUBCATEGORY: Fishery Monitoring

TOTAL COST: $14,900

JUSTIFICATION:

ODFW requires funding support to comply with Treaty provisions relative to monitoring and evaluating stocks in mixed stock fisheries. In this regard, ODFW will be required to expand its fishery monitoring efforts, particularly with respect to Columbia River stocks.

COST BREAKDOWN:

Salaries and Benefits	$ 6,000
Travel	4,000
Equipment and Supplies	500
Publishing and Communications	0
Contract Services	4,400
Total	$14,900

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: Idaho Department of Fish and Game

CATEGORY: Administration

SUBCATEGORY: Intra- and Interagency coordination

TOTAL COST: $10,800

JUSTIFICATION:

Implementation of the Treaty will require significant expansion of coordination and planning within the Department, and between the Department and other agencies and Indian tribes. This increased workload will not be funded under other budget items related to committee assignments, or other administrative categories. This program will ensure agency administrators that Treaty obligations can be met.

COST BREAKDOWN:

Salaries and Benefits	$ 3,800
Travel	2,000
Supplies/Communications	5,000
Total	$10,800

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: Idaho Department of Fish and Game

CATEGORY: Research

SUBCATEGORY: Stock Identification

TOTAL COST: $222,100

JUSTIFICATION:

The identification of key indicator stocks is essential to monitor harvest rates in mixed stock fisheries and ensure that rebuilding schedules are being met. Snake River spring and summer chinook have historically provided over 50 percent of the spring and summer chinook in the Columbia River above Bonneville Dam. The application of coded wire tags to Rapid River spring chinook, Sawtooth Hatchery spring chinook and South Fork Salmon River summer chinook will provide the basis for data needed to assess harvest rates and escapement of the main Snake River stocks. Three hundred thousand fish of each stock will be tagged. These stocks are being used to help restore natural runs in the Snake River basin. Index areas will be established to monitor the returns of indicator stocks to natural spawning areas. CWT will be recovered in ocean and in river fisheries which will aid assessment of harvest rates and relative stock contribution in PST-regulated fisheries. CWT will be recovered at hatcheries and natural-spawning areas in Idaho to assess rebuilding of chinook stocks. The tags recovered in-state will be analyzed and reported to participating agencies and tribes.

COST BREAKDOWN:

Salaries and Benefits	$ 73,200
Travel	8,200
Equipment and Supplies	116,000
Publishing/Communications	1,100
Contract Services	23,600
Total	$222,100

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: Idaho Department of Fish and Game

CATEGORY: Administration

SUBCATEGORY: Technical Committee Activities

TOTAL COST: $21,500

JUSTIFICATION:

To fulfill Treaty requirements Idaho provides technical staff representation at the Chinook Technical Committee meetings. These staff members will assist in data review and presentation of committee assignments, and analyze and present data on chinook stocks originating in Idaho.

Staff members will also provide technical expertise at Panal and Commission meetings as requested. It is estimated that two staff positions will be provided on a part-time basis.

COST BREAKDOWN:

Salaries	$15,500
Supplies/Communications	6,000
Total	$21,500

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Idaho Department of Fish and Game
CATEGORY:	Research
SUBCATEGORY:	Stock Monitoring
TOTAL COST:	$15,800

JUSTIFICATION:

The chinook escapement and spawning data needs required for Treaty Implementation will necessitate intensified field sampling activities in Idaho. Spawning ground redd counts will be supplemented by biological sampling of kelts to assess age and sex structure of spawning populations, as well as estimates of the total spawning population. The information will be used for post-season evaluations of management strategies, to improve estimates of optimum escapement, and to assess the success of rebuilding strategies.

COST BREAKDOWN:

Salaries and Benefits	$ 7,600
Travel	1,800
Equipment and Supplies	2,000
Publishing/Communications	400
Contract Services	4,000
Total	$15,800

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: U.S. Fish and Wildlife Service

CATEGORY: Administration

SUBCATEGORY: Commission and Panel Activities

TOTAL COST: $20,000

JUSTIFICATION:

The United States Fish and Wildlife Service must undertake certain activities in FY 1987 on behalf of the Department of Interior as required under the Pacific Salmon Treaty Act (PL 99-5). FWS currently is an alternate to the Southern Panel. This package provides minimal capabilities for FWS participation in Commission and Southern Panel activities.

COST BREAKDOWN:

Salaries and Benefits	$ 10,000
Travel	8,000
Equipment and Supplies	1,000
Publishing and Communication	1,000
Personal and Contract Services	0
Total	$ 20,000

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: U.S. Fish and Wildlife Service

CATEGORY: Administration

SUBCATEGORY: Technical Committee Activities

TOTAL COST: $40,000

JUSTIFICATION:

FWS is participating fully with and has contributed members to the Commission's chinook, coho and chum salmon technical teams. Thsi package provides funding for continued full participation in activities of these essential technical teams during 1987.

COST BREAKDOWN:

Salaries and Benefits	$ 32,000
Travel	3,000
Equipment and Supplies	2,000
Publishing and Communication	3,000
Personal and Contract Services	0
Total	$ 40,000

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	U.S. Fish and Wildlife Service
CATEGORY:	Research
SUBCATEGORY:	Data Exchange Network
TOTAL COST:	$50,000

JUSTIFICATION.

This package provides for formal liasion with the data sharing committee and the costs of participating in actual data sharing. FWS operates anadromous fish hatcheries - 18 of which are located in the Pacific Northwest with annual production averaging over 55 million salmon. In addition, FWS administers the Lower Snake River Fish and Wildlife Compensation Plan which provides for operation of an additional 10 stations with a potential annual production of around 16 million salmon. FWS has developed a hatchery production and evaluation system which must be integrated with the Pacific Salmon Treaty data systems.

FWS is, and will be, index tagging several chinook salmon stocks and it is important that the CWT program be integrated with a coast-wide system in order to produce sound statistical estimates. Several problems must be solved in transmitting data among agencies and to make sure that data is easily accessible to all users.

FWS will review the FWS tagging program to assure that all important stocks are adequately represented in marked groups, participate in resolving any hardware/software problems in transferring data between FWS and other U.S./Canada data users and participate in the transfer of CWT and production data to U.S./Canada data bases.

COST BREAKDOWN:

Salaries and Benefits	$ 33,000
Travel	6,000
Equipment and Supplies	8,000
Publishing and Communication	3,000
Personal and Contract Services	0
Total	$ 50,000

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	U.S. Fish and Wildlife Service
CATEGORY:	Research
SUBCATEGORY:	Stock Identification - Spring Creek NFH Fall Chinook Coded Wire Tagging
TOTAL COST:	$155,000

JUSTIFICATION:

The Spring Creek "tule" fall chinook was the original indicator stock used in the U.S./Canada negotiations as representative of lower Columbia River fall chinook stocks. It is imperative that index marking be continued uninterrupted in order to maintain a sound data base. This proposal provides for marking with coded wire tags 600,000 "tule" smolts from Spring Creek NFH in 200,000 lots to represent the three release groups. Recovery data will also be obtained which includes scale analysis for age class structures, straying, removing and reading CWTs, monitoring returns to the racks and related activities.

COST BREAKDOWN:

Salaries and Benefits	$ 79,000
Travel	8,800
Equipment and Supplies	49,300
Publishing and Communication	800
Personal and Contract Services	22,000
Total	$155,000

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: Columbia River Inter-Tribal Fish Commission

CATEGORY: Administration

SUBCATEGORY: Commission and Panel Activities

TOTAL COST: $104,400

JUSTIFICATION:

The Pacific Salmon Treaty and the Pacific Salmon Treaty Act (PL 99-5) require participation by the Pacific Northwest's treaty Indian Tribes, including the four Columbia River Basin Tribes that are members of CRITFC. The President has appointed the CRITFC Executive Director, S. Timothy Wapato, to represent the 24 Oregon, Washington, and Idaho Tribes on the U.S. Section of the Pacific Salmon Commission. Interior Secretary Hodel appointed CRITFC Commissioner N. Kathryn Brigham to serve on the Southern Panel. The Pacific Salmon Commission has appointed Commissioner Wapato chairman of the Commission's Standing Committee on Finance and Administration, and Mr. Wapato also serves as Chairman of the U.S. Section's Budget Committee.

The work of Commissioner and Panel member does not end with the periodic official meetings of Commission and Panels. While state and federal representatives are accountable to a single agency, tribal representatives are at work on behalf of 24 separate tribal governments. Accordingly, tribal representatives must spend large amounts of time and travel widely for indispensible inter-tribal consultations and equally important meetings with state and federal representatives. The effort required to reach consensus positions among 24 tribes, to report Commission and Panel activities, and to carry out Committee responsibilities should not be underestimated or, for that matter, unfamiliar to reviewers of this request. These new Commission and Panel responsibilities -- incurred specifically because of the Treaty -- create associated needs for policy and administrative staff support.

The funding requested here will be used for personnel and travel costs incurred in the course of fulfilling Commission and Panel responsibilities, but outside the infrequent official Commission and Panel meetings. Some Treaty-related administrative and policy staff support will also be provided. Consultation among the Columbia River treaty tribes and attendance by other CRITFC delegates at Commission and Panel meetings will be funded from other sources, as in the past.

COST BREAKDOWN:

Salaries and Benefits	$ 92,900
Travel	11,500
Equipment/Supplies	0
Publishing/Communications	0
Contract Services	0
Total	$104,400

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Columbia River Inter-Tribal Fish Commission
CATEGORY:	Administration
SUBCATEGORY:	Technical and Other Committee Activities
TOTAL COST:	$76,900

JUSTIFICATION:

As a critical part of the Treaty framework, joint technical committees have been established to provide objective technical information to policymakers. Columbia River Inter-Tribal Fish Commission staff are members of the Joint U.S./Canada Technical Committees on Chinook and Data. As such, they will have a lead role in compiling, analyzing, and reporting information from numerous sources on the status of Columbia River fish resources. Reporting requirements and deadlines under the Pacific Salmon Treaty will involve substantial additional staff effort. In fact, a year's experience with the Treaty has shown us that satisfying the data and other technical information requirements of Treaty implementation requires the full-time committment of at least one staff biologist, and the part-time involvement of two others.

Routine fisheries management activities in the Columbia River contribute information useful to Commission and Panel deliberations, and to the work of other management and production entities, and will continue to be conducted as they have been in the past. Those activities are funded from other sources.

COST BREAKDOWN:

Salaries and Benefits	$74,870
Travel	2,030
Equipment/Supplies	0
Publishing/Communication	0
Contract Services	0
Total	$76,900

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Columbia River Inter-Tribal Fish Commission
CATEGORY:	Administration
SUBCATEGORY:	Intra- and Inter-Agency Coordination
TOTAL COST:	$29,500

JUSTIFICATION:

Treaty Annex IV, chapter 1, paragraph 7 addresses the transboundary nature of the Columbia River and requires that a coordinating mechanism be established separate from other panels or technical committees. Implementation of this provision will require consultation and coordination with entities not otherwise involved in Pacific Salmon Treaty activities (e.g., the Northwest Power Planning Council, the upper Columbia River electric utilities, and the Washington Department of Game). This funding will, in part, provide for CRITFC costs incurred in discussions with Canada and other interests on this issue.

As the Treaty is implemented, the implications and impacts of Commission decisions will need to be communicated to the tribes and other interested parties in order that informed positions on issues can be developed. This will be done in part through publication and dissemination of three newsletters annually to provide essential information on Commission and Panel activities.

COST BREAKDOWN:

Salaries and Benefits	$16,640
Travel	3,390
Equipment/Supplies	0
Publishing/Communications	9,470
Contract Services	0
Total	$29,500

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Columbia River Inter-Tribal Fish Commission
CATEGORY:	Research
SUBCATEGORY:	Data Exchange Network
TOTAL COST:	$28,800

JUSTIFICATION:

Information must be collected and summarized annually from numerous sources within the Columbia Basin to fulfill the reporting requirements of the treaty. Because of the numerous jurisdictions and fisheries programs within the Columbia Basin, the only practical method of meeting the treaty reporting requirements is through electronic information exchange in standard formats. Significant staff time and effort will be required to refine and participate in such an effort. Equipment acquisitions to meet the needs of this program were, for the most part, funded through FY 1986 Pacific Salmon Treaty appropriations.

COST BREAKDOWN:

Salaries and Benefits	$19,200
Travel	0
Equipment/Supplies	9,600
Publishing/Communications	0
Contract Services	0
Total	$28,800

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Columbia River Inter-Tribal Fish Commission
CATEGORY:	Research
SUBCATEGORY:	Stock Identification
TOTAL COST:	$194,300

JUSTIFICATION:

Salmon runs in the mainstem Columbia River, where the major fisheries occur, are referred to in general terms as, for example, spring chinook, or fall chinook. The runs are not homogenous, though. They are in fact composed of many intermingled stocks with different genetic charactistics, and bound for different tributaries and spawning streams. The runs are of both natural and hatchery origin. Some individual stocks are depressed, some are abundant. Most are U.S. origin, some are from Canadian waters. Unfortunately, with current information, it is impossible to identify the component stocks of the various runs when the runs are in the mainstem and exposed to Indian and nonIndian fishing effort.

Successful implementation of the Treaty requires that these stocks be identified and that fishery impacts be accounted for. The Treaty requires the U.S. to account for harvest of the transboundary component of the sockeye run and requires nonintercepting fisheries (such as those in the Columbia River) to pass depressed stocks saved from ocean fisheries through to the spawning grounds. Currently no estimates are made of the hatchery and natural components of the various chinook runs nor the transboundary component of the sockeye run. Catch sampling is virtually non-existent for the minimal spring and summer chinook fisheries and does not present a true picture of the total run composition for sockeye and fall chinook.

This program will fill these critical information needs through a coordinated biological sampling and scale analysis of the salmon runs passing over Bonneville, Priest Rapids and Lower Granite Dams. This program will begin with FY 1986 Pacific Salmon Treaty appropriations.

COST BREAKDOWN:

Salaries and Benefits	$132,327
Travel	42,620
Equipment/Supplies	15,971
Publishing/Communications	3,382
Contract Services	0
Total	$194,300

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Columbia River Inter-Tribal Fish Commission
CATEGORY:	Research
SUBCATEGORY:	Stock Monitoring
TOTAL COST:	$248,500

JUSTIFICATION:

The single greatest impetus to negotiation of the Pacific Salmon Treaty was the need to conserve and rebuild the Pacific Northwest's naturally spawning chinook stocks. Special emphasis was placed on Columbia River runs -- with adequate harvest controls, the River has the potential to return to its former status as the largest chinook producer on the continent.

The U.S. and Canada are required to regulate their ocean intercepting fisheries to rebuild chinook runs by 1998. The Treaty requires that compliance with the rebuilding goal be measured in terms of increased escapement to the spawning grounds. The joint chinook and coho technical committees have identified seven groups of Columbia River chinook to be used as "indicator stocks" (i.e., studied as examples of the success or failure of the chinook rebuilding program). Some spawning escapement data was developed in the past, but recent investigations have demonstrated that most historical spawning ground surveys probably do not accurately reflect annual fluctuations in spawner abundance. In other words, the Pacific Salmon Commission will not have the information at hand to determine the success of the chinook rebuilding program without expanded and improved spawning escapement information for the Columbia River Basin.

The funding requested here will provide for accurate estimation of natural chinook escapements of up to four indicator stocks. The method of estimation will depend upon the logistics of each situation but will generally involve ground surveys and weir counts. Benefits will be maximized by fully coordinating this program with state and other agencies.

COST BREAKDOWN:

Salaries and Benefits	$174,344
Travel	69,597
Equipment/Supplies	1,177
Publishing/Communication	3,382
Contract Services	0
Total	$248,500

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: Northwest Indian Fisheries Commission

CATEGORY: Administration

SUBCATEGORY: Commission and Panel Activities

TOTAL COST: $75,096

JUSTIFICATION:

The Treaty and associated implementing legislation clearly specifies participation by Indian Tribes of the Northwest. More specifically, the Northwest Tribes occupy the Alternate Commission position on the Pacific Salmon Commission and three Panel Representatives and two Alternate Representative positions on the Southern and Fraser River Panels.

The tribal representatives must spend considerable amounts of time at not only officially called U.S. Section and Bilateral meetings, but also at equally important consultation meetings between tribes, the states and some federal agencies. This funding will cover costs at these secondary meetings.

These meetings are crucial to gather necessary tribal input on concerns, to seek consolidated positions with representatives from other agencies or groups, to facilitate panel and commission decision-making and to share necessary information on a timely basis.

This funding will provide stipend cost for those officially appointed tribal representatives, as well as the necessary travel costs. These costs are consistent with implementing legislation requirements and are cover activities over and above existing management responsibilities of the Tribes. The expenditure control procedures are consistent with Circular A-102.

COST BREAKDOWN:

Salaries and Benefits	$ 46,080
Travel	29,016
Equipment and Supplies	0
Publishing and Communication	0
Personal and Contract Services	0
Total	$ 75,096

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Northwest Indian Fisheries Commission
CATEGORY:	Administration
SUBCATEGORY:	Intra- and Inter-Agency Coordination - Tribal Policy and Technical advisory/analysis functions
TOTAL COST:	$131,380

Treaty obligations add significantly to the Tribes' administrative, management and research responsibilities. In order to implement the Treaty, various technical and policy representatives will be required to meet frequently and provide informed policy and technical information to the tribal representatives on the Treaty Commission and its panels. Because each individual Tribe is a separate government and fishery manager, these obligations will require substantial tribal involvement. Treaty-mandated decision-making, analysis and coordination place new expenses on the Tribes and NWIFC.

To address these needs, a twenty-member advisory board (one representative for each Tribe) and special ad hoc policy and technical subcommittees will be directed to facilitate informed input into the Treaty decision process. This effort is essential to ensure continuing, positive involvement of the Tribes in the implementation of the Treaty, and yet existing tribal budgets do not provide for these needs. Presently, extreme burdens are being imposed upon tribal governments for local technical and management support, data analysis, analysis of fishing regimes, and the entire spectrum of Pacific Salmon Treaty-related activities. These new activities cannot be sustained indefinitely except at the cost of other essential tribal programs.

COST BREAKDOWN:

Salaries and Benefits	$ 0
Travel	51,540
Equipment and Supplies	0
Publishing and Communication	0
Personal and Contract Services	79,840
Total	$131,380

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Northwest Indian Fisheries Commission
CATEGORY:	Administration
SUBCATEGORY:	Intra- and Inter-Agency Coordination - Program Management Support
TOTAL COST:	$119,534

JUSTIFICATION:

The Pacific Salmon Treaty requires participation by Indian Tribes of the Pacific Northwest. Currently, staff of the NWIFC and representatives of its member Tribes occupy one Alternate Commissioner position, two Panel positions, three alternate Panel positions, two co-chair positions on technical committees and five positions on at least one technical committee. In addition, significant research will be undertaken by Tribes. The responsibilities and work of these positions and on these projects do not end with the scheduled meetings of the various groups, and considerable administrative work si required to coordinate and prepare for official meetings, assure management compliance, and provide staff support to all representatives. this increased work load will not be funded under other budget items in the administration category.

These funds will be used for personnel and other costs necessary for the NWIFC and member Tribes to fully participate in the implementation of the U.S./Canada Treaty.

COST BREAKDOWN:

Salaries and Benefits	$ 77,972
Travel	4,600
Equipment and Supplies	0
Publishing and Communication	21,618
Personal and Contract Services	4,588
Total	$119,534

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Northwest Indian Fisheries Commission
CATEGORY:	Administration
SUBCATEGORY:	Technical and Other Committee Activities - NWIFC
TOTAL COST:	$99,501

JUSTIFICATION:

As part of the Treaty framework, joint technical committees were established to provide unbiased technical input to policy level participants. Technical representatives from the Northwest Indian Fisheries Commission have been selected to fill key positions on the Chinook, Coho, Chum and Data Committees. In addition, technical expertise must be provided to the United States when developing Fraser River fishery management regimes, and in developing and coordinating general data analysis.

The Treaty clearly envisioned strong participation by technical experts and support personnel to design analytical tools, to develop comprehensive and realistic management regimes and in evaluation of Treaty implementation accomplishments. These management commitments are outlined in Treaty Annex IV.

The requested funding will be used to support staff activities necessary for preparation and participation in Joint Technical Committee functions. Preparation efforts for such include coordination of data, compilation of catch, effort, and CWT recovery statistics, completion of analyses and necessary reports, discussions with appropriate tribal technical staff and policy makers regarding topics before committees, and written and oral presentations.

The duties performed by technical committee members do not exist in base program budgets of the Tribes or the NWIFC.

COST BREAKDOWN:

Salaries and Benefits	$ 82,895
Travel	7,900
Equipment and Supplies	0
Publishing and Communication	4,118
Personal and Contract Services	4,588
Total	$ 99,501

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Northwest Indian Fisheries Commission
CATEGORY:	Administration
SUBCATEGORY:	Technical and Other Committee Activities - Tribal Participation
TOTAL COST:	$39,500

JUSTIFICATION:

As part of the Treaty framework, joint technical committees were established to provide unbiased technical input to policy level participants.

The Treaty clearly envisioned strong participation by technical experts and support personnel to design analytical tools, to develop comprehensive and realistic management regimes and in evaluation of Treaty implementation accomplishments. These management commitments are outlined in Treaty Annex IV.

Tribal participation on the technical teams is significant. This activity will support the tribal representative who serves as co-chair of the Joint Coho Committee and is a member of the Joint Chinook and Data Technical Committees.

The requested funding will be used to support staff activities necessary for preparation and participation in Joint Technical Committee functions. Preparation efforts include coordinatin, statistical compilation, analyses, reports, discussions and written and oral presentations.

The duties performed by this technical committee member does not exist in base program budgets of the Tribes.

COST BREAKDOWN:

Salaries and Benefits	$ 36,000
Travel	2,000
Equipment and Supplies	1,000
Publishing and Communication	500
Personal and Contract Services	0
Total	$ 39,500

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Northwest Indian Fisheries Commission
CATEGORY:	Administration
SUBCATEGORY:	Technical and Other Committee Activities - Tribal Participation
TOTAL COST:	$23,942

JUSTIFICATION:

As part of the Treaty framework, joint technical committees were established to provide unbiased technical input to policy level participants. Technical representatives from Indian Tribes have been selected to fill positions on the Coho and Chum Committees.

The Treaty clearly envisioned strong participation by technical experts and support personnel to design analytical tools, to develop comprehensive and realistic management regimes and in evaluation of Treaty implementation accomplishments. These management commitments are outlined in Treaty Annex IV.

The requested funding will be used to support staff activities necessary for preparation and participation in Joint Technical Committee functions. Preparation efforts fo such include coordination of data, compilation of catch, effort, and CWT recovery statistics, completion of analyses and necessary reports, discussions with appropriate tribal technical staff and policy makers regarding topics before committees, and written and oral presentations.

The duties performed by tribal technical committee member do not exist in base program budgets of the Tribes.

COST BREAKDOWN:

Salaries and Benefits	$ 19,817
Travel	3,600
Equipment and Supplies	0
Publishing and Communication	525
Personal and Contract Services	0
Total	$ 23,492

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Northwest Indian Fisheries Commission
CATEGORY:	Research
SUBCATEGORY:	Data Exchange
TOTAL COST:	$44,214

JUSTIFICATION:

Information must be collected, analyzed, summarized and distributed on a regular basis from numerous sources from Oregon to Alaska. Because of the numerous jurisdictions and fisheries programs involved, the only practical method of meeting the Treaty reporting requirements is through electronic information exchange with standard formats.

Significant staff time and effort will be required to refine and participate in such an effort. This support will provide for NWIFC's key contribution in this area.

COST BREAKDOWN:

Salaries and Benefits	$ 35,861
Travel	0
Equipment and Supplies	0
Publishing and Communication	6,059
Personal and Contract Services	2,294
Total	$ 44,214

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: Northwest Indian Fisheries Commission

CATEGORY: Research

SUBCATEGORY: Stock Identification - Identify Lake Washington sockeye in the Strait of Juan de Fuch sockeye fisheries

TOTAL COST: $12,998

JUSTIFICATION:

This research program involves the analysis of scale patterns from scales collected from sockeye in the Strait of Juan de Fuca to identify individual stocks. Of specific interest is the relative abundance and timing of sockeye originating from Lake Washington and the Fraser River.

This is a cooperative study in which the Tribes collect the scale samples and the Washington Department of Fisheries will conduct the laboratory analysis.

The results of this study will assist in developing sockeye fishery plans in this area that will reflect the individual management needs of these stocks.

This project will begin in FY-86 and continue in FY-87. It has been coordinated with other agencies and is complementary to a project proposed in WDF's budget submittal. This project is for collection of samples whichwill be processed and analyzed by WDF.

COST BREAKDOWN:

Salaries and Benefits	$ 5,796
Travel	443
Equipment and Supplies	554
Publishing and Communications	222
Personal and Contract Services	5,983
Total	$ 12,998

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Northwest Indian Fisheries Commission
CATEGORY:	Research
SUBCATEGORY:	Stock Identification - North Puget Sound Mixed Stock Chum Fishery Assessment (GSI)
TOTAL COST:	$87,776

JUSTIFICATION:

The Joint Chum Technical Committee of the Pacific Salmon Commission (PSC) has strongly recommended a coordinated program in both Washington and southern British Columbia to collect tissue samples from chum salmon fisheries and conduct electrophoretic analyses to identify individual stocks.

NWIFC and its member Tribes are conducting a research program along with WDF, involving techniques to identify stocks in fisheries of common concern. The Tribes are responsible for collecting the tissue samples, and WDF is responsible for the laboratory analysis of the samples.

The results from this study will provide the primary information for establishing effective chum salmon management plans in Puget Sound and southern British Columbia.

This project was started in FY 1986 and will continue in FY 1987. This project has been coordinated with and is complementary to other projects in that it includes collection of samples which will then be processed and analyzed by Washington Department of Fisheries.

COST BREAKDOWN:

Salaries and Benefits	$ 32,916
Travel	2,194
Equipment and Supplies	4,389
Publishing and Communications	0
Personal and Contract Services	48,277
Total	$ 87,776

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: Northwest Indian Fisheries Commission

CATEGORY: Research

SUBCATEGORY: Stock Identification - Coded Wire Tag (CWT) Application

TOTAL COST: $271,242

JUSTIFICATION:

The coded wire tagging of key indicator stocks of chinook and coho will be the primary tool for estimating annual harvest rates of individual stocks and evaluating impacts of management actions. The NWIFC and its member Tribes have developed a coordinated tagging plan with WDF in which, between our combined efforts, all key indicator stocks will be tagged.

Expanded tagging is necessary to meet terms of Treaty Annex IV. Tagging programs will undergo frequent review by technical committees, with an emphasis on reducing the levels of tagging as much as possible.

These funds will be used to operate and maintain the CWT trailer, hire the necessary temporary labor crews and actually purchase the coded wire tags for the program. FY 87 will be a continuation of the program beginning with Pacific Salmon Treaty funding in FY 1986.

COST BREAKDOWN:

Salaries and Benefits	$116,789
Travel	6,600
Equipment and Supplies	144,500
Publishing and Communications	1,059
Personal and Contract Services	2,294
Total	$271,242

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Northwest Indian Fisheries Commission
CATEGORY:	Research
SUBCATEGORY:	Stock Identification - Capture and Tagging of Wild Coho Smolts
TOTAL COST:	$390,381

JUSTIFICATION:

The coded wire tagging of key indicator stocks of coho will be the primary tool for estimating annual harvest rates of individual stocks and evaluating impacts of management actions.

In addition to tagging hatchery indicator stocks, research programs have been designed to evaluate several wild coho indicator stocks. These studies will determine whether the wild stocks behave differently than hatchery stocks, and therefore, may allow a reduction in the key indicator stocks tagging program in the future. Wild coho stocks from Queets, Skagit, Stillaguamish, Hoko, Skokomish and Hoh Rivers are being evaluated. Smolts are captured on their migrations to the ocean, tagged and then released to continue their migration.

These projects are very labor intensive due to the difficulty in maintaining traps and weirs on streams and rivers in the Pacific Northwest.

COST BREAKDOWN:

Salaries and Benefits	$256,571
Travel	15,559
Equipment and Supplies	118,251
Publishing and Communication	0
Personal and Contract Services	0
Total	$390,381

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: Northwest Indian Fisheries Commission

CATEGORY: Research

SUBCATEGORY: Stock Identification - Wild Chinook Stocks Key Indicator Tagging

TOTAL COST: $83,765

JUSTIFICATION:

The coded wire tagging of key indicator stocks of chinook will be the primary tool for estimating annual harvest rates of individual stocks and evaluating impacts of management actions.

The NWIFC and its member Tribes have developed a coordinated tagging plan with WDF in which, between our combined efforts, all key indicator stocks will be tagged. This project involves capturing and rearing of wild stocks needed for tagging as key indicator stocks for important north Washington coastal chinook stocks. This project began with Pacific Salmon Treaty funding in FY 1986.

COST BREAKDOWN:

Salaries and Benefits	$ 42,862
Travel	2,494
Equipment and Supplies	25,940
Publishing and Communications	12,469
Personal and Contract Services	0
Total	$ 83,765

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: Northwest Indian Fisheries Commission

CATEGORY: Research

SUBCATEGORY: Stock Identification - Coded Wire Tag Recovery

TOTAL COST: $58,650

JUSTIFICATION:

This program is an essential component of all of the key indicator stock tagging programs. These tagging programs require the sampling and recovery of tags from fish captured in fisheries and those returning to hatcheries and spawning grounds.

Funds for this program were not requested in FY 1986 since the fish tagged in FY 1986 would not be returning until 1987 and beyond. This program consists of the hiring of temporary labor to sample fish in a wide range of fisheries, hatcheries and streams.

COST BREAKDOWN:

Salaries and Benefits	$ 52,650
Travel	0
Equipment and Supplies	6,000
Publishing and Communications	0
Personal and Contract Services	0
Total	$ 58,650

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Northwest Indian Fisheries Commission
CATEGORY:	Research
SUBCATEGORY:	Stock Monitoring
TOTAL COST:	$242,975

JUSTIFICATION:

The Treaty annexes specifically outline commitments to assess spawning escapements to evaluate impacts of management actions. The Tribes have developed research studies to evaluate spawningescapements of all salmon species in Grays Harbor and for coho in the Skagit, Hoko, and Skokomish Rivers. These studies will be used to verify and calibrate methods for estimating total escapement over a much broader area than just the rivers where the studies are being conducted. Estimates of total run, as well as spawning escapements, are needed. Methods currently require evaluation and improvement to more accurately estimate total run size.

These field oriented projects are labor intensive requiring extensive stream surveys and in some cases trap maintenance.

COST BREAKDOWN:

Salaries and Benefits	$195,395
Travel	14,782
Equipment and Supplies	32,798
Publishing and Communications	0
Personal and Contract Services	0
Total	$242,975

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: Northwest Indian Fisheries Commission

CATEGORY: Research

SUBCATEGORY: Stock Identification and Monitoring

TOTAL COST: $16,526

JUSTIFICATION:

The NWIFC will be coordinating over 10 field research projects being conducted by individual Tribes. It is impossible to absorb the coordination of this many projects within existing staff. This will fund a new one-half time position, with the NWIFC absorbing the other one-half.

This person will be responsible for coordinating and asisting tribal biologists in the design, implementation and reporting requirements of these projects.

COST BREAKDOWN:

Salaries and Benefits	$ 14,848
Travel	0
Equipment and Supplies	0
Publishing and Communication	530
Personal and Contract Services	1,148
Total	$ 16,526

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: Department of State

CATEGORY: Administration

SUBCATEGORY: Commission and Panel Activities
Technical Committee Activities
Pacific Salmon Commission Contribution

TOTAL COST: $2,256,000

JUSTIFICATION:

The Pacific Salmon Treaty Act, 16 U.S.C. 3640, provides for specific levels of compensation payable to U.S. Commissioners, Alternate Commissioners, Panel members, and Alternate Panel Members. The Act also provides for reimbursement of necessary travel expenses to such persons, U.S. members of joint technical committees, and Advisory Committee members. 16 U.S.C. 3641 authorizes appropriation of funds for those purposes. The Department of State is responsible for those salary and travel expenses.

The Department of State is also responsible for meeting the U.S. share of joint expenses for the Pacific Salmon Commission. The level of funding recommended here is identical to the sum identified in the President's FY 1987 Budget.

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Alaska Department of Fish and Game
CATEGORY:	Research
SUBCATEGORY:	Stock Identification: Yukon River Chinook Interception Analysis
TOTAL COST:	$50,000

JUSTIFICATION:

Offshore interception rates of chinook salmon bound for Yukon River tributaries need to be quantified from the existing data base, within which only broad geographic areas of origin are defined. This study would utilize scale pattern analysis techniques to specifically identify the Yukon River component of the North American sample. Future chinook savings from decreased marine interception must be quantified in order to provide an allocation basis for Treaty agreements.

COST BREAKDOWN:

Salaries and Benefits	$17,000
Travel	3,000
Equipment and Supplies	5,000
Publishing and Communications	2,000
Contract Services	23,000
Total	$50,000

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY:	Alaska Department of Fish and Game
CATEGORY:	Research
SUBCATEGORY:	Stock Identification: Yukon River Chinook Run Composition Analysis
TOTAL COST:	$200,000

JUSTIFICATION:

To provide a rational basis for harvest allocation, annual chinook stock abundance and composition must be known. Scale pattern analysis, catch and escapement documentation, and age composition studies of chinook salmon stocks throughout the Yukon will provide information needed for Treaty implementation and harvest allocation.

COST BREAKDOWN:

Salaries and Benefits	$140,000
Travel	7,000
Equipment and Supplies	40,000
Publishing and Communications	1,000
Contract Services	12,000
Total	$200,000

PACIFIC SALMON TREATY IMPLEMENTATION

PROGRAM JUSTIFICATION

Fiscal Year 1987

* * *

AGENCY: U.S. Fish and Wildlife Service

CATEGORY: Research

SUBCATEGORY: Stock Monitoring - Yukon River Study

TOTAL COST: $145,000

JUSTIFICATION:

In order to implement Article VIII Yukon River and C. Yukon River of the MEMORANDUM of UNDERSTANDING of the U.S./Canada Pacific Salmon Treaty it is imperative that the relative abundance and distribution of chinook and chum salmon spawning be determined for the Yukon River Basin. The proposed work involves low level aerial count of spawning fish in the Yukon River Basin upstream of Stevens village in 12 tributary systems in the Yukon Flats National Wildlife Refuge and in the Yukon Charley Rivers National Preserve. This study is being conducted in cooperation with Alaska Department of Fish and Game.

COST BREAKDOWN:

Salaries and Benefits	$ 83,000
Travel	10,000
Equipment and Supplies	1,500
Publishing and Communication	1,000
Contract Services	49,500
Total	$145,000

TESTIMONY OF THE ALASKA ESKIMO WHALING COMMISSION
BEFORE THE
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON COMMERCE JUSTICE, STATE, THE JUDICIARY
AND RELATED AGENCIES

APRIL 7, 1986

Introduction

The Alaska Eskimo Whaling Commission (AEWC) is an Alaska Native organization, created for the purpose of managing the Eskimo subsistence hunt of bowhead whales. The AEWC was formed in 1977 and is composed of nine Commissioners, one from each of the nine Eskimo whaling villages in northern Alaska. The AEWC manages the bowhead hunt pursuant to a Cooperative Agreement with the Department of Commerce, National Oceanic and Atmospheric Administration (NOAA). As a result of the AEWC's commitment to the preservation of the bowhead population and because of its responsibilities under the Cooperative Agreement, the AEWC not only manages the bowhead hunt, it also sponsors biological research on the bowhead and weapons research intended to improve the efficiency of the weapons used by Eskimo whalers. Also, in conjuction with its management responsibilities, the AEWC sends representatives to the annual meetings of the International Whaling Commission (IWC).

Background

The current FY 1986 level of appropriation for bowhead whale research, as it has been for the past few years, is $600,000. The program is included in the NOAA budget under "protected species biology." The AEWC would like to request that the current level of funding for this program be maintained for FY 1987. The projects which comprise the bowhead whale research program include:

(1) a low altitude aerial survey to photo identify individual whales and determine the length, frequency and age distribution for the purpose of estimating the bowhead population recruitment rate;

(2) an ice based visual census conducted for the purpose of estimating the number of bowhead whales currently in the population;

(3) a recently developed acoustical survey technique which is used to count whales that are beyond the range of the visual census;

(4) an aerial study of distribution conducted in conjunction with the visual census and acoustical survey, to provide data verification;[1]

(5) the formulation and analysis of statistical population models using data from projects 1-4;

(6) the biological analysis of material from harvested whales;

(7) a weapons research and development program intended to improve the efficiency of the weapons used by the Eskimo subsistence whalers;

(8) the holding of a bi-annual conference on the biology of the bowhead;

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[1] Projects 1-4 are conducted during the Spring bowhead migration.

(9) the AEWC's implementation of the AEWC-NOAA Cooperative Agreement;

(10) the attendance of AEWC representatives at the IWC.

When the bowhead whale research program was initiated, very little was known about this whale. As a result of the research which this program makes possible, we have obtained preliminary estimates of the current size of the population. However, due to the fact that bowhead population data can only be gathered during the few weeks of the Spring migration, it will be several years before precise estimates of the size of the population and its rate of recruitment are available. The information which has been obtained so far has relieved concerns that the Eskimo subsistence hunt might be adversely affecting the health of the population. It is now fairly clear that the subsistence hunt, as regulated by the AEWC, is sufficiently small, in relation to the size of the bowhead population, that it does not represent a threat to the continued existence of the bowhead.

The AEWC weapons improvement program, which is funded through these appropriations, has resulted in the development of a modified explosive projectile for use with the weapon traditionally employed to kill the whale. The new projectile is the same size as the projectile previously used and yet is twice as lethal as the old projectile. By developing a more lethal weapon, the Eskimos are able to reduce the number of whales which may be struck but lost. This is important for purposes of the subsistence hunt, since the hunt is conducted in a traditional manner, using small boats made of walrus skin and hand-held weapons and is subject to the extremely severe environmental conditions of the Arctic region.

Finally, pursuant to its Cooperative Agreement with NOAA, the AEWC is required to perform several administrative tasks each year. Representatives of the AEWC attend the annual meetings of the IWC, where quotas for the bowhead hunt are set under the International Whaling Convention. The AEWC Commissioners conduct annual negotiations with NOAA concerning the domestic implementation of the IWC quota. Prior to these negotiations, at an annual meeting of whaling captains, the AEWC gathers information from each of the whaling villages with regard to their quota needs, and following the negotiations, allocates the bowhead quota among the villages. During the Spring and Fall whaling seasons, the AEWC monitors the bowhead hunt, ensures that the quotas are observed, punishes any infractions, and reports to NOAA on the outcome of each hunt.

1987 Funding Requirements

The projected breakdown of costs for 1987 is as follows: (1) $250,000 for the aerial survey to be conducted by the NOAA Marine Mammal Laboratory; (2) $150,000 to be used by the AEWC to assist the North Slope Borough in funding the Spring bowhead visual census and statistical analysis related to the visual census; (3) $50,000 to be used by the AEWC to assist the North Slope Borough in funding the acoustical studies conducted in conjunction with the visual census; (4) $50,000 to the AEWC's bowhead weapons improvement research; (5) $100,000 to the AEWC for implementation of the AEWC-NOAA Cooperative Agreement.

In the past, both the House and Senate have given explicit recognition to the tasks associated with the bowhead whale research program and the management of the bowhead hunt. In its Report on the Fiscal Year 1984 Appropriation Bill for the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies, the House Appropriations Committee included specific reference to the research and related activities which this appropriation was intended to cover. See 98th Cong., 1st Sess. House Rep. No. 98-226, p. 16. Following the lead of the House and recognizing the increased role played by the AEWC both in the area of scientific research and management of the hunt, the Senate Committee on Appropriations, in its Report on the Fiscal Year 1986 Appropriation Bill for the same Departments, included an allocation of $350,000 to the AEWC out of the $600,000 appropriated for bowhead whale research. Specifically, the Senate recommended:

> that out of the $600,000 for bowhead research that $350,000 be allocated to the Alaska Eskimo Whaling Commission (AEWC) for the following purposes: (1) $150,000 to assist the North Slope Borough in funding the spring bowhead visual census, the statistical analysis related to the spring

> census, and the analysis of raw data gathered in the acoustical studies conducted during 1984 and 1985; (2) $200,000 to the AEWC's bowhead weapons improvement research and for implementation of the Alaska Eskimo Whaling Commission and National Oceanic and Atmospheric Administration cooperative agreement, which pursuant to the Marine Mammal Protection Act and in lieu of the Whaling Convention Act of 1949 (16 U.S.C. 916 et seq.), defines the legal relationship controlling the Alaskan Eskimo bowhead whale hunt. See 99th Cong., 1st Sess. Senate Rep. No. 99-150, p. 15.

The AEWC would like to request that this language be incorporated into the House Appropriations Committee Report on the 1987 Appropriations for Commerce, Justice, and the State, the Judiciary and Related Agencies. The bowhead whale is crucial to the Eskimo people and the Eskimo culture. The scientific research which is funded through these appropriations is helping us to better understand and thus to better protect the bowhead whale. Therefore, we ask that the U.S. House of Representatives recognize the importance of this research by continuing the current level of funding for the bowhead whale research program and by providing language in its Committee Report specifying the reasons for this appropriation.

JOINT STATEMENT BY
THE HONORABLE AL SWIFT, THE HONORABLE TOM TAUKE
BEFORE THE COMMERCE, JUSTICE, AND STATE, THE JUDICIARY AND RELATED AGENCIES SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS

Mr. Chairman, some of the funds appropriated in this bill will be used by the Department of Justice to submit recommendations to the U.S. District Court concerning whether or not modifications in the AT&T consent decree should be made. Under the terms of the consent decree, three years after divestiture, the Department of Justice is to evaluate if the decree should be modified. In compliance with this condition, the Department of Justice has indicated the report will be filed in January 1987 with U.S. District Court Judge Harold Greene.

We believe the contents and recommendations of this report will significantly shape the regulatory landscape of the telecommunications industry for the next several years. For this reason, it is crucial that the report draw upon all of the expertise in Government to ensure any recommended changes in the consent decree are consistent with overall national telecommunications policy, and in the best interest of the citizens of the United States.

The Justice Department is institutionally restricted from considering the full policy implications of the consent decree. It is a law enforcement agency, charged with enforcement of the antitrust laws. It cannot evaluate the impact of the decree on issues such as national telecommunications policy and international trade.

During recent hearings before the House Telecommunications Subcommittee on H.R.3800 ("The Telecommunications Equipment and Information Services Act"), Assistant Attorney General Douglas Ginsburg was asked if the report would be limited to antitrust considerations or go beyond and look at broader telecommunications policies. To this Mr. Ginsburg responded, ". . . within the framework of the decree in which the report is based, I think (the report) would be somewhat limited and considerations -- to take an example as far afield as possible, such as employment effects, would not likely be deemed relevant . . ."

The prospect of an extremely narrow approach in the formulation of this report, only focusing on antitrust considerations, has given many Members of Congress reason for concern. The issue has far broader implications than just antitrust considerations.

The preference for a broad-based report was also expressed recently in a letter from Secretary of Commerce Malcolm Baldrige to Attorney General Edwin Meese. "Such a review necessarily involves communications policy, trade, and technology development issues, as well as antitrust concerns," Baldrige said. "We should consider all aspects of any report submitted to the Court in an inter-agency process."

Because this Subcommittee has jurisdiction over all of the relevant agencies that should be involved in the preparation of this report, because agencies other than Justice have expressed an interest in contributing to this report, because the Justice Department acknowledges it lacks the jurisdictional scope to formulate a comprehensive report, and because of the critical importance of this issue to the continuation of affordable telephone rates in rural America and other telecommunications policies, as well as to trade policy, economic development, and national defense, we believe the Subcommittee should indicate a strong preference that the report by the Justice Department to the District Court be formulated using a broad-based, inter-agency approach.

We believe it is important to highlight that we are not urging the Appropriations Committee to recommend any substantive or policy conclusions to the Department of Justice in this bill. Instead, we are only recommending that some direction concerning the process under which the report is formulated be included in the Committee's report language.

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U.S. House of Representatives
Committee on Energy and Commerce

SUBCOMMITTEE ON COMMERCE, TRANSPORTATION, AND TOURISM

Washington, DC 20515

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GREGORY E. LAWLER
CHIEF COUNSEL AND STAFF DIRECTOR

April 25, 1985

The Honorable Neal Smith
Chairman
Subcommittee on Commerce, Justice,
State and Judiciary
H-309, The Capitol
Washington, D.C. 20515

Dear Mr. Chairman:

I would like to request that my attached statement be included in the record of your recent hearings on funding for the U.S. Travel and Tourism Administration. I appreciate having this opportunity to present my views to you.

With best wishes, I am

Sincerely,

James J. Florio, Chairman
Subcommittee on
Commerce, Transportation and Tourism

Enclosure

JJF:bgl

STATEMENT OF

THE HONORABLE JAMES J. FLORIO, CHAIRMAN

SUBCOMMITTEE ON COMMERCE, TRANSPORTATION AND TOURISM

BEFORE THE

SUBCOMMITTEE ON COMMERCE, JUSTICE, STATE AND JUDICIARY

MR. CHAIRMAN, I WANT TO THANK YOU FOR THIS OPPORTUNITY TO EXPRESS MY SUPPORT FOR THE ADEQUATE FUNDING OF THE U.S. TRAVEL AND TOURISM ADMINISTRATION (USTTA). IN MY VIEW THE AGENCY SHOULD BE APPROPRIATED $12 MILLION FOR FY 1987. AT THIS LEVEL USTTA WOULD GET EXACTLY THE SAME FUNDING IT IS CURRENTLY RECEIVING IN FY 1986.

VIRTUALLY EVERY MAJOR COUNTRY HAS A GOVERNMENT AGENCY CHARGED WITH THE RESPONSIBILITY OF DEVELOPING A STRATEGY FOR INCREASING FOREIGN TRAVEL TO IT. USTTA IS THE ONLY AGENCY OF THIS TYPE WITHIN OUR GOVERNMENT.

YET, UNDERFUNDING AND YEARS OF CUTTING BACK ITS FUNCTIONS AND ACTIVITIES HAVE PREVENTED USTTA FROM REALIZING ITS POTENTIAL. THIS YEAR, THE PRESIDENT'S BUDGET REQUESTS THAT MONEY BE APPROPRIATED FOR THE EXCLUSIVE PURPOSE OF CLOSING OUT THE AGENCY.

AS THE CHAIRMAN OF THE SUBCOMMITTEE WITH JURISDICTION OVER

USTTA, I BELIEVE THIS WOULD BE A TERRIBLE MISTAKE. TOURISM IS OUR COUNTRY'S LARGEST SERVICE INDUSTRY EXPORT, ACCOUNTING FOR ALMOST ONE THIRD OF ALL RECEIPTS FROM SERVICE EXPORTS IN 1983.

YET, THE U.S. SHARE OF WORLD TOURISM RECEIPTS HAS BEEN STEADILY DECLINING FOR SEVERAL YEARS. RATHER THAN CUTTING BACK ON USTTA, WE SHOULD, THEREFORE, BE INCREASING OUR COMMITMENT TO HELP STOP THE DECLINE OF OUR COUNTRY'S COMPETITIVENESS IN INTERNATIONAL TOURISM TRADE.

THIS POINT NEEDS TO BE EMPHASIZED; TOURISM IS A MAJOR U.S. INDUSTRY. TOURISM IS NOT ONLY OUR COUNTRY'S NUMBER ONE SERVICE INDUSTRY EXPORT, BUT IT IS LARGER THAN ANY OTHER U.S. EXPORT INDUSTRY, EXCEPT GRAINS AND CHEMICALS.

FURTHERMORE, IT IS AMERICA'S ONLY EXPORT INDUSTRY IN WHICH CONSUMPTION OCCURS HERE IN OUR OWN DOMESTIC MARKET. OTHER EXPORTS MAY BE PRODUCED HERE, BUT MUST BE TRANSPORTED AND

MARKETED ABROAD. ON THE OTHER HAND, THE PRODUCTION AND PROVISION OF TOURISM SERVICES OCCUR ENTIRELY WITHIN OUR OWN COUNTRY. AS A RESULT, THE JOB-CREATING BENEFITS OF TOURISM EXPORTS ARE MUCH HIGHER THAN IS TRUE OF MANY OTHER EXPORT INDUSTRIES.

HAD THE U.S. MAINTAINED ITS 1976 13% MARKET SHARE OF WORLD TOURISM RECEIPTS, HUNDREDS OF THOUSANDS MORE AMERICANS WOULD HAVE JOBS TODAY AND OUR EXPORT EARNINGS WOULD HAVE BEEN INCREASED BY MORE THAN $17 BILLION. WITH UNEMPLOYMENT STILL AT EXTREMELY HIGH LEVELS AND OUR TRADE DEFICIT SKYROCKETING, WE CANNOT ALLOW OUR TOURISM INDUSTRY TO DECLINE ANY FURTHER.

ADEQUATE FUNDING FOR USTTA IS AN IMPORTANT ELEMENT OF OUR EFFORTS TO INCREASE TOURISM EXPORTS. THIS VIEW IS NOT ONLY MY OWN, BUT ALSO THE UNANIMOUS PERSPECTIVE OF THE TRAVEL AND TOURISM INDUSTRY ITSELF.

THE TRAVEL INDUSTRY ASSOCIATION OF AMERICA, REPRESENTING

1,700 INDIVIDUALS COMPANIES, CALLED FOR INCREASED FUNDING FOR USTTA AS PART OF A MARKETING PLAN THAT WAS DESIGNED TO RESTORE THE U.S. TO A 13% MARKET SHARE OF WORLD TOURISM RECEIPTS AT THE END OF FIVE YEARS. TO ACHIEVE THIS GOAL, THE TRAVEL INDUSTRY ASSOCIATION ASKED THAT USTTA BE GIVEN ABOUT $17 MILLION IN THE FIRST YEAR OF THE PLAN. THAT AMOUNT WOULD THEN INCREASE TO NEARLY $37 MILLION IN THE FIFTH YEAR.

AT THE 13% MARKET SHARE LEVEL, FOREIGN ARRIVALS TO THE U.S. WOULD INCREASE BY 40%, U.S. TOURISM RECEIPTS WOULD RISE BY $24 BILLION, ABOUT 175,000 NEW JOBS WOULD BE CREATED, AND FEDERAL REVENUES WOULD INCREASE BY $600 MILLION. UNFORTUNATELY, TODAY WE IN CONGRESS WHO BELIEVE TOURISM IS IMPORTANT ARE NOT IN A POSITION TO ARGUE FOR INCREASED FUNDING FOR USTTA, DESPITE THE MERITS OF SUCH AN INCREASE. INSTEAD, WE ARE FIGHTING TO KEEP THE AGENCY ALIVE.

AGAIN, I PROPOSE THAT THE SAME LEVEL OF FUNDING FOR FY 87 BE

APPROPRIATED AS USTTA IS RECEIVING IN THE CURRENT FISCAL YEAR -- $12 MILLION. ALTHOUGH A SUBSTANTIAL DECREASE FROM USTTA'S LEVEL OF FUNDING AS RECENTLY AS THE LATE 1970'S, AN APPROPRIATION OF $12 MILLION WOULD PERMIT THE AGENCY TO PERFORM SOME PROMOTIONAL ACTIVITIES WHICH ARE SO CRITICAL TO IMPROVING OUR COUNTRY'S TRADE PERFORMANCE.

BUT, THERE IS ANOTHER REASON USTTA MUST BE ALLOWED TO CONTINUE ITS IMPORTANT WORK. USTTA ALSO CAN PLAY AN IMPORTANT ROLE IN HELPING TO MAKE FOREIGN TRAVEL SAFER FOR AMERICAN CITIZENS.

EVENTS OF RECENT WEEKS HAVE MADE IT VERY CLEAR THAT TERRORISM IS A REALITY THAT VIRTUALLY EVERYONE WHO TRAVELS INTERNATIONALLY MUST RECOGNIZE. OUR GOVERNMENT NEEDS TO BE DOING A BETTER JOB OF INFORMING AMERICAN TOURISTS OF THE SAFETY IMPROVEMENTS ALREADY MADE, AS WELL AS THE DANGERS THAT REMAIN. I BELIEVE THAT THE U.S. TRAVEL AND TOURISM ADMINISTRATION HAS AN IMPORTANT ROLE TO

PLAY IN FOCUSING OUR GOVERNMENT'S ATTENTIONS ON THIS CRUCIAL PROBLEM. I LOOK FORWARD TO WORKING WITH THEM TO HELP MAKE FOREIGN TRAVEL FOR AMERICAN TOURISTS AS SAFE AS IT CAN BE.

A LARGE PART OF THE PROBLEM WE NOW FACE IS THAT AMERICAN TOURISTS DO NOT HAVE ANY RELIABLE, AUTHORITATIVE INFORMATION ON WHICH TO BASE A PERSONAL JUDGMENT ABOUT THE SAFETY OF TRAVEL TO MANY AREAS OF THE WORLD. COVERAGE OF SUCH MATTERS USUALLY OCCURS ONLY AFTER A TERRORIST INCIDENT. TRAVEL AGENTS AND OTHERS IN THE TRAVEL INDUSTRY ARE CONSTANTLY LOOKED TO, BUT MUST USUALLY RESORT TO THE REPETITION OF UNOFFICIAL INFORMATION PASSED ON BY WORD OF MOUTH.

THIS IS AN AREA WHERE THE TRAVEL AND TOURISM ADMINISTRATION COULD PERFORM AN ESPECIALLY IMPORTANT FUNCTION. THE AGENCY SHOULD BEGIN TO INFORM THE TRAVEL INDUSTRY ON A CONTINUING BASIS CONCERNING THE SAFETY OF FOREIGN TRAVEL. BY COORDINATING BOTH WITH OTHER U.S. GOVERNMENT AGENCIES SUCH AS THE STATE AND DEFENSE

DEPARTMENTS AS WELL AS OTHER FOREIGN GOVERNMENTS DIRECTLY, THE AGENCY SHOULD COMPILE AND TRANSFORM INTO USABLE FORM INFORMATION EVALUATING THE SAFETY CONDITIONS THAT EXIST AT INTERNATIONAL AIRPORTS AND OTHER FOREIGN SITES. TRAVEL AGENTS AND OTHERS IN THE INDUSTRY COULD DISSEMINATE THIS INFORMATION TO TOURISTS.

SUCH ACTION BY THE AGENCY DOES NOT PRETEND TO OFFER ANY LONG-TERM SOLUTION TO THE PROBLEM OF TERRORISM. BUT ONLY IN THIS WAY CAN AMERICAN CITIZENS MAKE A RATIONAL JUDGMENT ABOUT CHANCES THEY TAKE IN TRAVELING ABROAD.

THEREFORE, I URGE YOU TO GIVE THE AGENCY $12 MILLION NEXT YEAR SO THAT IT CAN CONTINUE ITS IMPORTANT WORK. AGAIN, THANK YOU FOR THIS OPPORTUNITY TO EXPRESS MY VIEWS.

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